



**ANNUAL FINANCIAL REPORT
BLEDSOE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2013**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***CARL LOWE, CGFM
Audit Manager***

***MICHAEL FORD, CPA, CGFM
Auditor 4***

***STEPHEN ALRED
DEVAN MCDOWELL, CFE
JENI PALADENI
State Auditors***

This report is available at www.comptroller.tn.gov

BLEDSOE COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Bledsoe County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Bledsoe County as of and for the year ended June 30, 2013.

Results

Our report on Bledsoe County's financial statements is unmodified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Bledsoe County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF COUNTY MAYOR

- ◆ The Ambulance Service Fund required material audit adjustments for proper financial statement presentation.
- ◆ Funds were transferred from the General Fund to the Other Special Revenue Fund without County Commission approval.
- ◆ The Ambulance Service had deficiencies in computer system backup procedures.
- ◆ The Ambulance Service did not implement adequate controls to protect its information resources.
- ◆ A cash shortage of at least \$2,568 existed in the Bledsoe County Ambulance Service as of April 30, 2013.

OFFICE OF ROAD SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft at June 30, 2013.
 - ◆ The office had deficiencies in computer system backup procedures.
-

BLEDSON COUNTY

- ◆ Bledson County has a material recurring audit finding.
-

AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

Bledson County does not have a central system of accounting, budgeting, and purchasing. The Division of Local Government Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Bledson County.

INTRODUCTORY SECTION

Bledsoe County Officials

June 30, 2013

Officials

Bobby Collier, County Mayor
Marvin Smith, Road Superintendent
Jennifer Terry, Director of Schools
Deanna Rains, Trustee
Alan Nail, Assessor of Property
Carolyn Terry, County Clerk
Michael Walker, Circuit, General Sessions, and Juvenile Courts Clerk
Greg Forgey, Clerk and Master
Emma Boynton, Register of Deeds
James Morris, Sheriff

Board of County Commissioners

Craig Mercer, Chairman	Robert Reese
Steve Bice	Tanya Roberson
Shayne Bickford	Ronald Sapp
Vince Boring	Roger Simmons
Tim Campbell	Barry Smith
Junior Hankins	Perry Swafford
Ronnie Hudson	

Board of Education

Charlie Young, Chairman	Stacy Farmer
Bobby Angel	Vince Pendegrass
Bennett Boynton	Alfred Terry
Sue Everett	

Audit Committee (Appointed July 29, 2013)

Phil Crawford
Mitzi Hankins
Elizabeth Turner

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Independent Auditor's Report

Bledsoe County Mayor and
Board of County Commissioners
Bledsoe County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bledsoe County Nursing Home, which represent 5.19 percent, 16.06 percent, and 13.07 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Bledsoe Emergency Communications District, which represent 3.7 percent, 14.79 percent, and 1.81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those

statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bledsoe County Nursing Home and the Bledsoe Emergency Communications District is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General, Ambulance Service, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Bledsoe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Bledsoe County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-*

2012-an amendment of GASB Statements No. 10 and No. 62, which have an effective date of June 30, 2014.

We draw attention to Note I.D.9. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$201,668, which was necessary due to the implementation of GASB Statement No. 65.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefit plan on pages 80 - 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bledsoe County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department

(a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Bledsoe County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2014, on our consideration of Bledsoe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bledsoe County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Bledsoe County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Governmental Activities	Component Units		
		Bledsoe County School Department	Bledsoe County Nursing Home	Bledsoe County Emergency Communications District
ASSETS				
Cash	\$ 3,741	\$ 5,558	\$ 482,046	\$ 472,181
Equity in Pooled Cash and Investments	2,976,096	6,282,375	0	0
Accounts Receivable	3,352,533	14,441	257,481	13,573
Allowance for Uncollectible	(2,036,614)	0	(83,000)	0
Due from Other Governments	452,709	538,112	0	0
Due from Component Units	13,483,054	0	0	0
Prepaid Items	0	0	18,773	11,965
Property Taxes Receivable	2,833,128	1,852,237	0	0
Allowance for Uncollectible Property Taxes	(231,503)	(137,092)	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	173,140	380,847	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,288,181	8,881,726	343,908	82,863
Infrastructure	4,423,101	111,391	0	0
Other Capital Assets	541,712	1,114,128	65,656	193,686
Total Assets	\$ 33,259,278	\$ 19,043,723	\$ 1,084,864	\$ 774,268
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	\$ 126,509	\$ 186,848	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 126,509	\$ 186,848	\$ 0	\$ 0
LIABILITIES				
Accounts Payable	\$ 0	\$ 49,005	\$ 113,432	\$ 280
Accrued Payroll	0	0	59,833	0
Payroll Deductions Payable	844	6,533	0	0
Cash Overdraft	0	12,703	0	0
Claims and Judgments Payable	227,631	0	0	0
Accrued Interest Payable	60,826	0	0	0
Customer Deposits Payable	0	6,525	14,598	0
Due to Primary Government	0	13,483,054	0	0
Due to State of Tennessee	1,870	0	0	0
Other Current Liabilities	12	0	56,450	0
Noncurrent Liabilities:				
Due Within One Year	992,278	0	0	0
Due in More Than One Year (net of unamortized premiums on debt)	21,344,475	430,457	0	0
Total Liabilities	\$ 22,627,936	\$ 13,988,277	\$ 244,313	\$ 280
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	\$ 2,423,045	\$ 1,621,955	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 2,423,045	\$ 1,621,955	\$ 0	\$ 0
NET POSITION				
Net Investment in Capital Assets	\$ 3,820,798	\$ 10,674,940	\$ 409,564	\$ 276,549
Restricted for:				
General Purposes	86,998	179,435	0	0
Solid Waste/Sanitation	199,825	0	0	0
Drug Control	36,612	0	0	0
Highway/Public Works	334,088	0	0	0
Debt Service	598,536	414,015	0	0
School Federal Projects	0	3,275	0	0
Central Cafeteria	0	358,073	0	0
Capital Projects	126,073	3,774,937	0	0
Other Purposes	16,492	0	0	0
Unrestricted	3,115,384	(11,784,336)	430,987	497,439
Total Net Position	\$ 8,334,806	\$ 3,620,339	\$ 840,551	\$ 773,988

The notes to the financial statements are an integral part of this statement.

Exhibit B

Bledsoe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues						Component Units				Net (Expense) Revenue and Changes in Net Position
	Primary Government			Total Governmental Activities			Bledsoe County School Department	Bledsoe County Nursing Home	Bledsoe County Emergency Communications District		
	Expenses	Changes for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Bledsoe County School Department				Bledsoe County Nursing Home	
Primary Government:											
General Government:											
Finance	\$ 717,260	\$ 60,759	\$ 18,984	\$ 9,340	\$ (628,177)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Administration of Justice	352,416	236,671	0	0	(115,745)	0	0	0	0	0	0
Public Safety	469,889	188,785	21,375	0	(259,729)	0	0	0	0	0	0
Public Health and Welfare	2,368,291	1,114,217	53,037	0	(1,201,037)	0	0	0	0	0	0
Social, Cultural, and Recreational Services	1,207,728	821,503	119,823	40,425	(225,977)	0	0	0	0	0	0
Agriculture and Natural Resources	96,036	2,925	0	0	(93,111)	0	0	0	0	0	0
Other Operations	79,699	0	0	0	(79,699)	0	0	0	0	0	0
Highways/Public Works	530,388	156,771	337	476,100	102,820	0	0	0	0	0	0
Interest on Long-term Debt	1,870,762	0	1,524,322	0	(346,440)	0	0	0	0	0	0
Education (Contributions from Component Unit)	639,764	0	0	0	(639,764)	0	0	0	0	0	0
Other Debt Service	0	0	0	287,594	287,594	0	0	0	0	0	0
Total Governmental Activities	82,534	0	0	0	(82,534)	0	0	0	0	0	0
Total Primary Government	\$ 8,414,767	\$ 2,581,631	\$ 1,737,878	\$ 813,459	\$ (3,281,799)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:											
Bledsoe County School Department	\$ 17,884,268	\$ 295,888	\$ 3,071,810	\$ 0	\$ 0	\$ (14,516,570)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bledsoe County Nursing Home	2,858,164	2,752,977	0	0	0	(105,187)	0	0	0	0	0
Bledsoe County Emergency Communications District	259,458	264,691	0	0	0	0	0	0	0	0	5,233
Total Component Units	\$ 21,001,890	\$ 3,313,556	\$ 3,071,810	\$ 0	\$ 0	\$ (14,516,570)	\$ (105,187)	\$ 0	\$ 0	\$ 5,233	\$ 0

(Continued)

Exhibit B

Bledsoe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Component Units				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Total Governmental Activities	Bledsoe County School Department	Bledsoe County Nursing Home	Bledsoe County Emergency Communications District	
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 1,960,370	\$ 1,627,334	\$ 0	\$ 0	0
Property Taxes Levied for Solid Waste					232,592	0	0	0	0
Property Taxes Levied for Debt Service					442,953	85,608	0	0	0
Local Option Sales Taxes					67,474	624,380	0	0	0
Litigation Tax - General					18,655	0	0	0	0
Business Tax					67,455	0	0	0	0
Wholesale Beer Tax					107,382	0	0	0	0
Other Local Taxes					0	1,965	0	0	0
Grants and Contributions Not Restricted to Specific Programs					357,331	12,491,427	45,000	122,956	0
Unrestricted Investment Income					49,982	577	6,191	612	0
Miscellaneous					54,116	56,959	0	0	0
Total General Revenues					\$ 3,358,310	\$ 14,888,250	\$ 51,191	\$ 123,568	0
Change in Net Position					\$ 76,511	\$ 371,680	\$ (53,996)	\$ 128,801	0
Net Position, July 1, 2012					8,459,963	3,248,659	894,547	645,187	0
Restatement - See Note I.D.9.					(201,668)	0	0	0	0
Net Position, June 30, 2013					\$ 8,334,806	\$ 3,620,339	\$ 840,551	\$ 773,988	0

The notes to the financial statements are an integral part of this statement.

Bledsoe County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	78	3,741
Cash	1,966,717	3,663	97,743	519,635	348,318	2,976,096
Equity in Pooled Cash and Investments	0	43,683	82	0	0	3,352,533
Accounts Receivable	0	3,352,451	0	0	0	(2,036,614)
Allowance for Uncollectibles	197,669	(2,036,614)	0	0	0	452,709
Due from Other Governments	78	0	238,823	0	16,217	78
Due from Other Funds	2,109,488	0	0	473,521	250,119	2,833,128
Property Taxes Receivable	(183,196)	0	0	(28,630)	(19,677)	(231,503)
Allowance for Uncollectible Property Taxes	\$ 4,090,756	\$ 1,363,183	\$ 336,648	\$ 964,526	\$ 595,055	\$ 7,350,168

ASSETS

Total Assets

LIABILITIES

\$	104	9	690	0	41	844
Payroll Deductions Payable	227,631	0	0	0	0	227,631
Claims and Judgments Payable	0	0	0	0	78	78
Due to Other Funds	0	0	1,870	0	0	1,870
Due to State of Tennessee	0	12	0	0	0	12
Other Current Liabilities	227,735	21	2,560	0	119	230,435

DEFERRED INFLOWS OF RESOURCES

\$	1,775,438	0	0	431,673	215,934	2,423,045
Deferred Current Property Taxes	145,855	0	0	12,719	14,008	172,582
Deferred Delinquent Property Taxes	6,140	1,233,932	119,411	0	0	1,359,483
Other Deferred/Unavailable Revenue	1,927,433	1,233,932	119,411	444,392	229,942	3,955,110

FUND BALANCES

\$	36,386	0	0	0	0	36,386
Restricted:	20,163	0	0	0	0	20,163
Restricted for General Government	13,635	0	0	0	36,612	50,247
Restricted for Administration of Justice	16,814	0	0	0	0	16,814
Restricted for Public Safety	0	0	0	0	185,817	185,817
Restricted for Public Health and Welfare	0	0	0	0	214,677	214,677
Restricted for Other Operations	0	0	214,677	0	0	125,523
Restricted for Highways/Public Works	0	0	0	0	520,134	520,134
Restricted for Capital Outlay	0	0	0	0	0	550
Restricted for Debt Service	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	0

(Continued)

Bledsoe County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	16,492	16,492
	0	129,230	0	0	0	129,230
	398	0	0	0	0	398
	1,605	0	0	0	0	1,605
	82	0	0	0	0	82
	1,846,505	0	0	0	0	1,846,505
\$	1,335,588	129,230	214,677	520,134	364,994	3,164,623
\$	4,090,756	1,363,183	336,648	964,526	595,055	7,350,168

FUND BALANCES (Cont.)

Restricted (Cont.):
 Restricted for Other Purposes
 Committed:
 Committed for Public Health and Welfare
 Assigned:
 Assigned for Administration of Justice
 Assigned for Public Safety
 Assigned for Other Operations
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,164,623
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	\$ 173,140	
Add: buildings and improvements net of accumulated depreciation	7,288,181	
Add: infrastructure net of accumulated depreciation	4,423,101	
Add: other capital assets net of accumulated depreciation	<u>541,712</u>	12,426,134
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (21,110,000)	
Less: notes payable	(398,854)	
Less: other loans payable	(526,459)	
Less: accrued interest on bonds	(60,826)	
Less: deferred premium on debt issuances	(205,183)	
Less: compensated absences payable	(51,340)	
Less: other postemployment benefits liability	(44,917)	
Add: due from component unit for debt retirement	13,483,054	
Add: deferred amount on refunding	<u>126,509</u>	(8,788,016)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,532,065</u>
Net position of governmental activities (Exhibit A)		<u>\$ 8,334,806</u>

The notes to the financial statements are an integral part of this statement.

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds	
Revenues							
Local Taxes	\$ 2,230,067	\$ 0	\$ 0	\$ 448,688	\$ 0	\$ 234,556	\$ 2,913,311
Licenses and Permits	10,745	0	0	1,473	0	1,012	13,230
Fines, Forfeitures, and Penalties	44,796	0	0	0	0	4,748	49,544
Charges for Current Services	30,450	649,349	0	0	0	9,279	689,078
Other Local Revenues	188,414	549	5,659	49,651	0	21,240	265,513
Fees Received from County Officials	420,125	0	0	0	0	0	420,125
State of Tennessee	1,315,881	0	1,520,642	52,382	0	74,598	2,963,503
Federal Government	59,700	34,645	1,658	0	0	485,440	581,443
Other Governments and Citizens Groups	0	0	0	968,291	0	135,500	1,103,791
Total Revenues	\$ 4,300,178	\$ 684,543	\$ 1,527,959	\$ 1,520,485	\$ 0	\$ 966,373	\$ 8,999,538
Expenditures							
Current:							
General Government	\$ 764,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,990	\$ 774,053
Finance	345,438	0	0	0	0	19	345,457
Administration of Justice	442,422	0	0	0	0	9,260	451,682
Public Safety	1,972,747	0	0	0	0	199,753	2,172,500
Public Health and Welfare	162,019	749,736	0	0	0	244,083	1,155,838
Social, Cultural, and Recreational Services	93,641	0	0	0	0	0	93,641
Agriculture and Natural Resources	69,346	0	0	0	0	0	69,346
Other Operations	34,948	0	0	0	0	158,992	193,940
Highways	0	0	1,682,021	0	0	40,054	1,722,075
Debt Service:							
Principal on Debt	0	0	0	860,660	0	0	860,660
Interest on Debt	0	0	0	607,896	0	0	607,896
Other Debt Service	0	0	0	10,020	202,431	0	212,451
Capital Projects	0	0	0	0	0	336,448	336,448
Capital Projects - Donated	0	0	0	0	3,951,637	0	3,951,637
Total Expenditures	\$ 3,884,624	\$ 749,736	\$ 1,682,021	\$ 1,478,576	\$ 4,154,068	\$ 998,509	\$ 12,947,624
Excess (Deficiency) of Revenues Over Expenditures	\$ 415,554	\$ (65,193)	\$ (154,062)	\$ 41,909	\$ (4,154,068)	\$ (32,226)	\$ (3,948,086)
Other Financing Sources (Uses)							
Bonds Issued	0	0	0	0	4,000,000	0	4,000,000
Refunding Debt Issued	0	0	0	0	3,115,000	0	3,115,000
Premiums on Debt Issued	0	0	0	0	153,304	0	153,304
Insurance Recovery	0	0	15,333	0	0	0	15,333
Transfers In	0	0	0	3,146,191	0	50,000	3,196,191

(Continued)

Exhibit C-3

Bledsoe County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
Other Financing Sources (Uses) (Cont.)								
Transfers Out	\$ (50,000)	\$ (31,955)	\$ 0	\$ 0	\$ (3,114,236)	\$ 0	\$ 0	\$ (3,196,191)
Payments to Refunded Debt Escrow Agent	0	0	0	(3,149,236)	0	0	0	(3,149,236)
Total Other Financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ (31,955)</u>	<u>\$ 15,333</u>	<u>\$ (3,045)</u>	<u>\$ 4,154,068</u>	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 4,134,401</u>
Net Change in Fund Balances	\$ 365,554	\$ (97,148)	\$ (138,729)	\$ 38,864	\$ 0	\$ 17,774	\$ 0	\$ 186,315
Prior Period Adjustments	(176,643)	0	176,643	0	0	0	0	0
Fund Balance, July 1, 2012	1,746,677	226,378	176,763	481,270	0	347,220	0	2,978,308
Fund Balance, June 30, 2013	<u>\$ 1,925,588</u>	<u>\$ 129,230</u>	<u>\$ 214,677</u>	<u>\$ 520,134</u>	<u>\$ 0</u>	<u>\$ 364,994</u>	<u>\$ 0</u>	<u>\$ 3,164,623</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	186,315
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current-period	\$	41,938	
Less: current-year depreciation expense		<u>(503,901)</u>	(461,963)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(9,762)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	1,532,065	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(1,351,513)</u>	180,552
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: bond proceeds	\$	(7,115,000)	
Less: change in premium on debt issuance		(150,210)	
Less: contribution from School Department for debt		(680,697)	
Add: contributions from primary government to School Department for bonds		3,951,637	
Add: payments to refunding agent		3,114,236	
Add: change in deferred amount on advanced refunding		116,554	
Add: other debt service		48,363	
Add: principal payments on bonds		730,000	
Add: principal payments on notes		47,273	
Add: principal payments on other loans		<u>101,387</u>	163,543
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(31,868)	
Change in other postemployment benefits liability		(7,830)	
Change in compensated absences payable		<u>57,524</u>	<u>17,826</u>
Change in Net Position of governmental activities (Exhibit B)			<u>\$ 76,511</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,230,067	\$ 0	\$ 0	\$ 2,230,067	\$ 2,228,741	\$ 2,228,741	\$ 1,326
Licenses and Permits	10,745	0	0	10,745	12,800	12,800	(2,055)
Fines, Forfeitures, and Penalties	44,796	0	0	44,796	52,895	52,895	(8,099)
Charges for Current Services	30,450	0	0	30,450	24,713	24,713	5,737
Other Local Revenues	188,414	0	0	188,414	232,304	232,304	(43,890)
Fees Received from County Officials	420,125	0	0	420,125	422,785	422,785	(2,660)
State of Tennessee	1,315,881	0	0	1,315,881	1,130,280	1,130,280	185,601
Federal Government	59,700	0	0	59,700	49,677	49,677	10,023
Total Revenues	\$ 4,300,178	\$ 0	\$ 0	\$ 4,300,178	\$ 4,154,195	\$ 4,154,195	\$ 145,983
Expenditures							
General Government							
County Commission	\$ 61,747	\$ 0	\$ 0	\$ 61,747	\$ 59,900	\$ 62,900	\$ 1,153
Board of Equalization	100	0	0	100	400	400	300
County Mayor/Executive	158,283	(79)	0	158,204	162,239	162,239	4,035
County Attorney	15,066	0	0	15,066	19,592	19,592	4,526
Election Commission	111,614	0	0	111,614	118,203	118,203	6,589
Register of Deeds	109,203	0	0	109,203	117,897	117,897	8,694
County Buildings	78,423	0	0	78,423	125,433	106,433	28,010
Other General Administration	229,627	0	0	229,627	222,258	263,971	34,344
Finance							
Property Assessor's Office	126,871	0	0	126,871	154,540	154,540	27,669
County Trustee's Office	111,029	0	0	111,029	116,084	116,084	5,055
County Clerk's Office	107,538	0	0	107,538	110,321	110,321	2,783
Administration of Justice							
Circuit Court	168,237	0	397	168,634	174,032	174,032	5,398
General Sessions Court	109,461	0	0	109,461	109,528	109,528	67
Chancery Court	122,207	(102)	0	122,105	127,546	127,546	5,441
Juvenile Court	42,517	0	0	42,517	47,379	47,379	4,862

(Continued)

Exhibit C-5

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 742,528	\$ (1,062)	\$ 0	\$ 741,466	\$ 798,322	\$ 798,322	\$ 56,856
Jail	1,046,173	(130)	1,606	1,047,649	1,175,100	1,175,100	127,451
Fire Prevention and Control	54,739	0	0	54,739	20,500	54,739	0
Civil Defense	95,087	(52,081)	0	43,006	62,377	62,377	19,371
Rescue Squad	18,000	0	0	18,000	6,000	19,000	1,000
County Coroner/Medical Examiner	16,220	0	0	16,220	23,200	23,200	6,980
<u>Public Health and Welfare</u>							
Local Health Center	112,520	(240)	0	112,280	110,491	122,491	10,211
Nursing Home	45,000	0	0	45,000	45,000	45,000	0
Crippled Children Services	0	0	0	0	971	971	971
General Welfare Assistance	4,499	0	0	4,499	5,400	5,400	901
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	4,000	0	0	4,000	4,000	4,000	0
Libraries	82,700	0	0	82,700	94,743	94,742	12,042
Parks and Fair Boards	6,941	0	0	6,941	8,000	8,000	1,059
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	64,346	0	0	64,346	65,584	65,584	1,238
Soil Conservation	5,000	0	0	5,000	5,000	5,000	0
<u>Other Operations</u>							
Other Economic and Community Development	1,450	0	0	1,450	4,000	4,000	2,550
Veterans' Services	27,723	(3,280)	82	24,525	41,240	41,240	16,715
Contributions to Other Agencies	5,775	0	0	5,775	5,500	5,775	0
Total Expenditures	\$ 3,884,624	\$ (56,974)	\$ 2,085	\$ 3,829,735	\$ 4,140,780	\$ 4,226,006	\$ 396,271
Excess (Deficiency) of Revenues Over Expenditures	\$ 415,554	\$ 56,974	\$ (2,085)	\$ 470,443	\$ 13,415	\$ (71,811)	\$ 542,254

(Continued)

Exhibit C-5

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (50,000)	0 \$	0 \$	(50,000) \$	0 \$	0 \$	(50,000)
Total Other Financing Sources	\$ (50,000)	0 \$	0 \$	(50,000) \$	0 \$	0 \$	(50,000)
Net Change in Fund Balance	\$ 365,554	56,974 \$	(2,085) \$	420,443 \$	13,415 \$	(71,811) \$	492,254
Prior-period Adjustment	(176,643)	0	0	(176,643)	0	0	(176,643)
Fund Balance, July 1, 2012	1,746,677	(56,974)	0	1,689,703	1,469,998	1,469,998	219,705
Fund Balance, June 30, 2013	\$ 1,935,588	0 \$	(2,085) \$	1,933,503 \$	1,483,413 \$	1,398,187 \$	535,316

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Ambulance Service Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Charges for Current Services	\$ 649,349	\$ 0	\$ 0	\$ 649,349	\$ 720,000	\$ 751,955	\$ (102,606)
Other Local Revenues	549	0	0	549	0	0	549
Federal Government	34,645	0	0	34,645	0	0	34,645
Total Revenues	\$ 684,543	\$ 0	\$ 0	\$ 684,543	\$ 720,000	\$ 751,955	\$ (67,412)
Expenditures							
Public Health and Welfare							
Ambulance/Emergency Medical Services	\$ 749,736	(2,743)	535	747,528	790,200	830,087	82,559
Total Expenditures	\$ 749,736	(2,743)	535	747,528	790,200	830,087	82,559
Excess (Deficiency) of Revenues Over Expenditures	\$ (65,193)	2,743	(535)	(62,985)	(70,200)	(78,132)	15,147
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	70,200	70,200	(70,200)
Transfers Out	(31,955)	0	0	(31,955)	0	(31,955)	0
Total Other Financing Sources	\$ (31,955)	0	0	(31,955)	70,200	38,245	(70,200)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (97,148)	2,743	(535)	(94,940)	0	(39,887)	(55,053)
Fund Balance, July 1, 2012	226,378	(2,743)	0	223,635	191,314	191,314	32,321
Fund Balance, June 30, 2013	\$ 129,230	0	(535)	128,695	191,314	151,427	(22,732)

The notes to the financial statements are an integral part of this statement.

Exhibit C-7

Bledsoe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 5,659	\$ 3,000	\$ 3,000	\$ 2,659
State of Tennessee	1,520,642	1,748,742	1,748,742	(228,100)
Federal Government	1,658	0	0	1,658
Total Revenues	<u>\$ 1,527,959</u>	<u>\$ 1,751,742</u>	<u>\$ 1,751,742</u>	<u>\$ (223,783)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 144,062	\$ 140,243	\$ 143,551	\$ (511)
Highway and Bridge Maintenance	700,366	936,015	859,194	158,828
Operation and Maintenance of Equipment	315,709	245,162	317,612	1,903
Quarry Operations	3,142	2,500	3,150	8
Other Charges	103,861	69,880	103,180	(681)
Employee Benefits	291,427	334,000	335,100	43,673
Capital Outlay	123,454	173,000	173,000	49,546
Total Expenditures	<u>\$ 1,682,021</u>	<u>\$ 1,900,800</u>	<u>\$ 1,934,787</u>	<u>\$ 252,766</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (154,062)</u>	<u>\$ (149,058)</u>	<u>\$ (183,045)</u>	<u>\$ 28,983</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 15,333	\$ 0	\$ 0	\$ 15,333
Total Other Financing Sources	<u>\$ 15,333</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,333</u>
Net Change in Fund Balance	\$ (138,729)	\$ (149,058)	\$ (183,045)	\$ 44,316
Prior-period Adjustment	176,643	0	0	176,643
Fund Balance, July 1, 2012	<u>176,763</u>	<u>783,359</u>	<u>783,359</u>	<u>(606,596)</u>
Fund Balance, June 30, 2013	<u>\$ 214,677</u>	<u>\$ 634,301</u>	<u>\$ 600,314</u>	<u>\$ (385,637)</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D

Bledsoe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,408,541
Due from Other Governments	<u>31,904</u>
Total Assets	<u>\$ 1,440,445</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 31,904
Due to Litigants, Heirs, and Others	<u>1,408,541</u>
Total Liabilities	<u>\$ 1,440,445</u>

The notes to the financial statements are an integral part of this statement.

BLEDSOE COUNTY, TENNESSEE
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BLEDSOE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bledsoe County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Bledsoe County:

A. Reporting Entity

Bledsoe County is a public municipal corporation governed by an elected 13-member board. As required by GAAP, these financial statements present Bledsoe County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Bledsoe County School Department operates the public school system in the county, and the voters of Bledsoe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt and its budget and property tax levy are subject to the Bledsoe County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Bledsoe County Nursing Home provides nursing care to the citizens of Bledsoe County, and the Bledsoe County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the nursing home must obtain the County Commission's approval.

The Bledsoe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bledsoe County, and the Bledsoe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Bledsoe County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Bledsoe County Nursing Home and the Bledsoe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bledsoe County Nursing Home
107 Wheeler Town Avenue
Pikeville, TN 37367

Bledsoe County Emergency Communications District
305 Alan P. Deakins Road
Pikeville, TN 37367

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Bledsoe County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Bledsoe County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Bledsoe County issues all debt for the discretely presented Bledsoe County School Department. Net debt issues totaling \$3,951,637 were contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Bledsoe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Bledsoe County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Bledsoe County considers grants and similar revenues to be available if they are collected within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Bledsoe County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Ambulance Service Fund – This special revenue fund is used to account for the transactions of the county’s Ambulance Service. Patient charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Education Capital Projects Fund – This fund accounts for debt issued by Bledsoe County that is subsequently contributed to the discretely presented Bledsoe County School Department for construction and renovation projects.

Additionally, Bledsoe County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Bledsoe County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Bledsoe County School Department reports the following major governmental funds:

General Purpose School Fund – This is the primary operating fund of the School Department. It is used to account for general operations of the School Department.

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues of this fund.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the contributions to the primary government of, education related long-term debt principal, interest, and related costs.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovation projects of the School Department.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Bledsoe County School Department. Each fund's portion of this pool is displayed on the

balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Bledsoe County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance is based on historical collection data. The allowance for uncollectible property taxes is equal to 4.36 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

A payable for Claims and Judgments for the General Fund of \$227,631 is shown on the governmental funds balance sheet and on the government-wide Statement of Net Position. This amount represents the judgment against the county Highway Department for litigation started in a previous year by a construction company. The case was resolved in favor of the construction company. Instead of the Highway Department paying this amount, the county decided to pay this from the General Fund. See Note I.D.8., for additional information.

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 30
Infrastructure	20 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenue, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

5. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation beyond year-end. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Employees are allowed to accumulate sick leave days equal to the number of days earned in a year; however, the granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The general policy of the discretely presented Bledsoe County School Department does not allow for the accumulation of vacation days beyond fiscal year-end for professional or support personnel. All professional (teachers) and support personnel of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensating absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investments in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for General Purposes for the primary government consists of various restrictions totaling \$86,998, with the primary restrictions being for: (1) drug and alcohol treatment (\$16,814), (2) computer systems for various offices (\$50,335), (3) sexual offender registry (\$13,635), and (4) drug control (\$6,214). For the discretely presented School Department, the account balance in Restricted for General Purposes totaling \$179,435 consists primarily of a restriction for the purchase of school buses (\$178,650).

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of

decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

In prior years the Highway Department was involved in a litigation involving money allegedly due construction companies for road construction and paving services. This case was resolved during the 2012-13 fiscal year. Accounts payable totaling \$176,643 had been shown on the June 30, 2012, financial statements of the Highway/Public Works Fund, to pay this money if the case was decided against the Highway Department. The case was resolved in favor of the construction companies. Instead of the Highway Department paying the judgment, the county decided to pay this from the General Fund. Consequently, fund equity of the Highway/Public Works and General funds were restated as of the beginning of the year for \$176,643. The final judgment totaled \$227,631.

9. Restatement

Prior to July 1, 2012, debt issuances costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs became period costs. A restatement to beginning net position totaling \$201,668 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Bledsoe County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Bledsoe County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the Bledsoe County School Department reported the following significant encumbrances:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Buses	\$ 178,650
Education Capital Projects	Architects	128,500

B. Cash Shortage – Current Year

On October 7, 2013, our office issued a special report on the Bledsoe County Ambulance Service for the period November 1, 2011, through April 30, 2013. This report disclosed that the former emergency management services director purchased controlled substances for which its usage is unaccounted, resulting in a cash shortage of at least \$2,568. This report is available at www.comptroller.tn.gov.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$12,703 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in the Administration and Other Charges major appropriation categories (the legal level of control) in the Highway/Public Works Fund by \$511 and \$681, respectively. Expenditures in excess of appropriations are a violation of state statute.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Bledsoe County and the Bledsoe County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any

state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2013.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 173,140	\$ 0	\$ 0	\$ 173,140
Total Capital Assets Not Depreciated	<u>\$ 173,140</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 173,140</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,290,735	\$ 0	\$ 0	\$ 8,290,735
Infrastructure	6,696,689	0	0	6,696,689
Other Capital Assets	3,060,870	41,938	(322,602)	2,780,206
Total Capital Assets Depreciated	<u>\$ 18,048,294</u>	<u>\$ 41,938</u>	<u>\$ (322,602)</u>	<u>\$ 17,767,630</u>

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 815,317	\$ 187,237	\$ 0	\$ 1,002,554
Infrastructure	2,125,395	148,193	0	2,273,588
Other Capital Assets	2,382,863	168,471	(312,840)	2,238,494
Total Accumulated Depreciation	<u>\$ 5,323,575</u>	<u>\$ 503,901</u>	<u>\$ (312,840)</u>	<u>\$ 5,514,636</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,724,719</u>	<u>\$ (461,963)</u>	<u>\$ (9,762)</u>	<u>\$ 12,252,994</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,897,859</u>	<u>\$ (461,963)</u>	<u>\$ (9,762)</u>	<u>\$ 12,426,134</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 14,986
Finance	2,940
Administration of Justice	12,412
Public Safety	214,438
Public Health and Welfare	65,683
Social, Cultural, and Recreational Services	3,972
Agriculture and Natural Resources	3,920
Highways/Public Works	<u>185,550</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 503,901</u></u>

Discretely Presented Bledsoe County School Department**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	<u>\$ 380,847</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 380,847</u>
Total Capital Assets Not Depreciated	<u>\$ 380,847</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 380,847</u>

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 14,777,313	\$ 0	\$ 0	\$ 14,777,313
Infrastructure	132,274	30,400	0	162,674
Other Capital Assets	2,617,410	123,838	(115,054)	2,626,194
Total Capital Assets				
Depreciated	\$ 17,526,997	\$ 154,238	\$ (115,054)	\$ 17,566,181
Less Accumulated				
Depreciated For:				
Buildings and				
Improvements	\$ 5,548,992	\$ 346,595	\$ 0	\$ 5,895,587
Infrastructure	45,192	6,091	0	51,283
Other Capital Assets	1,449,490	155,804	(93,228)	1,512,066
Total Accumulated				
Depreciation	\$ 7,043,674	\$ 508,490	\$ (93,228)	\$ 7,458,936
Total Capital Assets				
Depreciated, Net	\$ 10,483,323	\$ (354,252)	\$ (21,826)	\$ 10,107,245
Governmental Activities				
Capital Assets, Net	\$ 10,864,170	\$ (354,252)	\$ (21,826)	\$ 10,488,092

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 10,320
Support Services	477,170
Operation of Non-Instructional Services	<u>21,000</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 508,490</u>

C. Insurance Recoveries**Primary Government**

During the year, the Bledsoe County Highway Department suffered damages to a tractor. Insurance recoveries of \$15,333 were received from the insurance company. The tractor was not repaired and ownership reverted to the insurance company.

Discretely Presented Bledsoe County School Department

During the year, the Bledsoe County School Department suffered flood and fire damages to various buildings. Insurance recoveries of \$17,952 were used to repair the damages.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 78

This balance resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Primary Government:	Component Unit:	
Governmental Activities	School Department	\$ 13,483,054

The Due to Primary Government is the balance of bonds (\$12,815,000), a note (\$316,854), and other loan (\$351,200) issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire this debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 50,000
Ambulance Service Fund	31,955	0
Education Capital Projects Fund	3,114,236	0
Total	\$ 3,146,191	\$ 50,000

Discretely Presented Bledsoe County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Education Debt Service Fund
General Purpose School Fund	\$ 0	\$ 521,180
School Federal Projects Fund	30,217	0
Total	\$ 30,217	\$ 521,180

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them in accordance with budgetary authorizations.

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Bledsoe County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 32 years for

bonds, up to 12 years for notes, and up to seven years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All long-term debt as of June 30, 2013, will be retired from the General Debt Service and Highway/Public Works funds and contributions from the School Department's Education Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bond	2 to 3.5	% 12-1-38	\$ 4,000,000	\$ 4,000,000
General Obligation Bond - Refunding	1 to 4.5	6-1-41	23,265,000	17,110,000
Capital Outlay Notes	2.93 to 4.95	12-1-21	512,269	398,854
Other Loans	0 to 3.75	3-1-19	714,200	526,459

The annual requirements to amortize the general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 790,000	\$ 709,778	\$ 1,499,778
2015	935,000	635,038	1,570,038
2016	955,000	616,225	1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019-2023	5,405,000	2,500,064	7,905,064
2024-2028	3,810,000	1,796,246	5,606,246
2029-2033	2,450,000	1,275,706	3,725,706
2034-2038	3,035,000	747,456	3,782,456
2039-2041	1,755,000	146,500	1,901,500
Total	\$ 21,110,000	\$ 9,599,365	\$ 30,709,365

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 50,756	\$ 17,151	\$ 67,907
2015	52,313	15,068	67,381
2016	54,917	12,937	67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019-2022	146,728	13,397	160,125
Total	\$ 398,854	\$ 77,466	\$ 476,320

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	\$ 100,182	\$ 6,102	\$ 106,284
2015	101,279	5,005	106,284
2016	102,418	3,866	106,284
2017	103,601	2,683	106,284
2018	98,908	1,456	100,364
2019	20,071	264	20,335
Total	\$ 526,459	\$ 19,376	\$ 545,835

There is \$520,134 available in the General Debt Service Fund and \$373,159 in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,711, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-13</u>
<u>Bonds Payable</u>	
<u>Contributions from Education Debt Service Fund</u>	
School Refunding Series 2003	\$ 270,000
School Refunding Series 2011	5,430,000
School Refunding Series 2013	3,115,000
General Obligation Series 2013	4,000,000
 <u>Note Payable</u>	
<u>Contributions from General Purpose School Fund</u>	
Energy Program	316,854
 <u>Other Loan Payable</u>	
<u>Contributions from General Purpose School Fund</u>	
Energy Program	<u>351,200</u>
 Total	 <u><u>\$ 13,483,054</u></u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Note</u>	<u>Other Loan</u>
Balance, July 1, 2012	\$ 8,445,000	\$ 100,000	\$ 205,222
Reclassification of School Debt	9,310,000	346,127	422,624
Additions	7,115,000	0	0
Reductions	(730,000)	(47,273)	(101,387)
Debt Refunded	<u>(3,030,000)</u>	<u>0</u>	<u>0</u>
 Balance, June 30, 2013	 <u>\$ 21,110,000</u>	 <u>\$ 398,854</u>	 <u>\$ 526,459</u>
 Balance Due Within One Year	 <u><u>\$ 790,000</u></u>	 <u><u>\$ 50,756</u></u>	 <u><u>\$ 100,182</u></u>

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2012	\$ 37,087	\$ 108,864
Additions	8,908	105,086
Reductions	(1,078)	(162,610)
Balance, June 30, 2013	<u>\$ 44,917</u>	<u>\$ 51,340</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 51,340</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 22,131,570
Less: Balance Due Within One Year	(992,278)
Add: Unamortized Premium on Debt	<u>205,183</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 21,344,475</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Advance Refunding

On April 10, 2013, Bledsoe County advance refunded a general obligation - refunding bond issue with a separate general obligation bond issue. The county issued \$3,115,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next ten years will be reduced by \$285,191, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bond) of \$250,948 was obtained.

Discretely Presented Bledsoe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Bledsoe County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities

	Bonds	Note	Other Loan
Balance, July 1, 2012	\$ 9,310,000	\$ 346,127	\$ 422,624
Reclassification of School Debt	(9,310,000)	(346,127)	(422,624)
Balance, June 30, 2013	\$ 0	\$ 0	\$ 0
Balance Due Within One Year	\$ 0	\$ 0	\$ 0

	Other Postemployment Benefits
Balance, July 1, 2012	\$ 324,808
Additions	190,201
Reductions	(84,552)
Balance, June 30, 2013	\$ 430,457
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 430,457
Less: Balance Due Within One Year	0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 430,457

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

F. On-Behalf Payments - Discretely Presented Bledsoe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Bledsoe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$50,177 and \$14,725, respectively. The School

Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county is a member of the Local Government Property and Causality Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Bledsoe County, with the exception of the Highway Department, provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The Bledsoe County Highway Department provides commercial health insurance coverage to its employees. Settled claims have not exceeded this commercial coverage over the past three fiscal years. Highway Department pre-65 age retirees are not allowed to remain in the program.

Discretely Presented Bledsoe County School Department

The discretely presented Bledsoe County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims did not exceed this commercial coverage in the past three fiscal years.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Bledsoe County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

On June 3, 2013, Bledsoe County approved the formation of an Audit Committee. The committee members were appointed on July 29, 2013.

D. Contingent Liabilities

The county is involved in several pending lawsuits. However, the county attorney estimates that the potential claims against the county, not covered by insurance, resulting from such litigation should not be material to the county's financial statements.

E. Change in Administration

Interim Assessor of Property Candice Stults left the position on August 31, 2012, and was replaced by Alan Nail.

F. Joint Ventures

The Sequatchie/Bledsoe Landfill Board is responsible for a closed regional sanitary landfill, which is owned by Bledsoe County, Sequatchie County, the City of Dunlap, and the City of Pikeville. The landfill is governed by a ten-member board, including the county mayor and two members appointed by the County Commission. The remaining seven members are appointed by the other joint owners. Bledsoe County has control over budgeting and financing the joint venture only to the extent of representation by the three board members and is responsible for funding approximately 39 percent of any postclosure care costs. Bledsoe County made no contributions to the board during the year. Complete financial statements for the Sequatchie/Bledsoe Landfill Board can be obtained from the board's administrative office at the following address:

Administrative Office:

Sequatchie/Bledsoe Landfill
P.O. Box 149
Pikeville, TN 37367

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District and the municipalities within the district. The district is composed of Bledsoe, Franklin, Grundy, Marion, Rhea, and Sequatchie counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bledsoe County made no contributions to the DTF for the year ended June 30, 2013, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, TN 37321

G. Retirement Commitments

Plan Description

Employees of Bledsoe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in

Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bledsoe County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Bledsoe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.33 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Bledsoe County's annual pension cost of \$475,839 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was five years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$475,839	100%	\$0
6-30-12	484,619	100	0
6-30-11	378,018	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.73 percent funded. The actuarial accrued liability for benefits was \$12.48 million, and the actuarial value of assets was \$11.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.26 million, and the ratio of the UAAL to the covered payroll was 19.61 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Bledsoe County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by

the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$627,763, \$627,071, and \$614,383, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Bledsoe County (except for the Highway Department) and the Bledsoe County School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and

financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Bledsoe County retirees' contributions vary depending on the insurance options they select, ranging from \$581 to \$1,304 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$282 to \$1,088 per month. Bledsoe County and the School Department recognized expenditures of \$1,078 and \$84,552 respectively, for postemployment health care during the year ended June 30, 2013.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 191,000	\$ 9,000
Interest on the NOPEBO	12,992	1,483
Adjustment to the ARC	(13,791)	(1,575)
Annual OPEB cost	\$ 190,201	\$ 8,908
Amount of contribution	(84,552)	(1,078)
Increase/decrease in NOPEBO	\$ 105,649	\$ 7,830
Net OPEB obligation, 7-1-12	324,808	37,087
Net OPEB obligation, 6-30-13	\$ 430,457	\$ 44,917

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 126,479	72.39	% \$ 236,660
6-30-12	"	166,418	47.03	324,808
6-30-13	"	190,201	44.45	430,457
6-30-11	Local Government Group	18,038	35.78	27,594
6-30-12	"	12,932	26.59	37,087
6-30-13	"	8,908	12.1	44,917

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 1,427,000	\$ 119,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,427,000	\$ 119,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 6,089,582	\$ 1,100,756
UAAL as a % of covered payroll	23.44%	10.82%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

In addition to the other postemployment benefits described above, the Board of Education agreed by contract to pay the department's and the individual's portion of the medical and health insurance expenses for the previous two directors (Thad Colvard and Clettis McDaniel, who left employment August 15, 2006, and August 15, 2008, respectively). These payments will be made through the group plan currently available or acquired for board employees in the future, beginning immediately upon the retirement or resignation of the director of schools, through and until such date that the director attains Medicare insurance coverage. During the year, expenditures totaling \$12,173 were recognized for postemployment healthcare for these previous two directors.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Bledsoe County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 153, Private Acts of 1941, and the Uniform Road Law, Section 54-7-113, *TCA*, which provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

Reporting Entity

The Bledsoe County Nursing Home was organized in 1967, as a public corporation to operate a 50-bed intermediate care facility located in Pikeville, Tennessee. The nursing home, a component unit of Bledsoe County,

Tennessee, is governed by a six member board appointed by the Bledsoe County Commission who also has financial responsibility of the nursing home such as approval of any bond indentures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise Fund Accounting

The nursing home utilizes the enterprise fund method of accounting whereby revenue and expenses are recognized on the accrual basis and the economic resource measurement focus. Substantially all revenues and expenses are subject to accrual.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the nursing home considers currency on hand and demand deposits with financial institutions to be cash. The nursing home considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash in resident trust funds is not considered cash or a cash equivalent since balances therein are held by the nursing home in an agency capacity for various patients. State statutes authorize the nursing home to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds, rated A or higher by a nationally recognized rating service. The nursing home had \$158,000 in cash equivalents at June 30, 2013.

Patient Accounts Receivable

For patient accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectability of specific patient's accounts and the aging of the account receivable. If there is a deterioration of a patient's credit worthiness or actual defaults are higher than historical experience, management's estimates of recoverability of amounts due to the nursing home could be adversely affected.

Assets Limited as to Use

Assets limited as to use consist of residents' personal assets held by the nursing home for the personal use of those residents (see Note VI.D).

Capital Assets

Individual capital assets purchased for greater than \$5,000 are reported at historical cost. Donated capital items are reported at their estimated fair value at the date of donation. Depreciation is computed over the estimated useful lives using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Expenditures for maintenance, repairs, renewals, and betterments that do not extend the useful lives of the assets are expensed as incurred. A summary of estimated useful lives of capital assets follows:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Buildings, Land Improvements, Fixed Equipment	8 - 40
Equipment	5 - 10

Operating Revenues and Expenses

Operating revenues include net patient service revenue, rental income, and any other revenues generated by the nursing home's day-to-day operations. The Medicaid program, a major third-party payor, reimburses the nursing home for services rendered to Medicaid beneficiaries based on a prospective per diem rate established by the Medicaid program. The per diem rate established by Medicaid is based primarily on prior years' cost, subject to a maximum per diem rate set by the State of Tennessee. A provision for contractual adjustment is made to reduce these reimbursements to estimated payments.

Revenue from the Medicaid program accounted for approximately 95 percent of the nursing home's net patient service revenue for the year ended June 30, 2013.

Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Nonoperating income consists of interest income and contributions from outside parties.

Net Position

Net position of the nursing home is classified into three components. *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted Net Position* are noncapital assets that must be used for a

particular purpose, as specified by creditors, grantors, or contributors external to the nursing home. *Unrestricted Net Position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted. There were no restricted assets at June 30, 2013.

Deferred Outflows/Inflows of Resources

During the current year, the nursing home adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net assets by the government that is applicable to a future reporting period.

As of June 30, 2013, the nursing home did not have any deferred outflows or inflows of resources. This statement had no significant impact on the nursing home.

Charity Care

The nursing home provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the nursing home does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Income Taxes

The nursing home, as a component unit of Bledsoe County, Tennessee, is exempt from federal and state income taxes.

Risk Management

The nursing home is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

B. Management Contract

On October 1, 2001, Bledsoe County, Tennessee (owner) and the Board of Directors (the board) of Bledsoe County Nursing Home entered into an agreement with the Chattanooga Hamilton County Hospital Authority d/b/a

Erlanger Health Systems, a Tennessee governmental hospital authority (the hospital), to manage the operations of the nursing home for an initial five-year period, renewable for four additional five-year terms. The hospital also provides insurance coverage, employee health insurance, and a portion of the director of nursing's, administrator's and accountant's compensation, which is billed to the nursing home on a monthly basis. The term of this agreement shall terminate on October 1, 2026. The fee for these services shall be \$120,000 for years one through five; \$130,000 for years six through ten; \$140,000 for years 11 through 15; \$150,000 for years 16 through 20; and \$160,000 for years 21 through 25. All management fees are payable in equal quarterly amounts due on the 15th day of the first month of each calendar quarter.

Through this agreement, Bledsoe County and the board agree to be, and remain, solely liable for and obligated to satisfy and discharge all claims, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses related to the defense of any claims) arising directly or indirectly in connection with, or relating to, the operation of the nursing home, except to the extent that such claims have been caused by the gross negligence or willful misconduct of the hospital.

The management fee expense amounted to \$140,000 during the fiscal year.

C. Deposits and Certificates of Deposit

The carrying amount of the nursing home's deposits with commercial banks was \$482,046, and the bank balance was \$496,281 at June 30, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the nursing home's deposits may not be returned to it. Of the bank balances for June 30, 2013, \$305,566 was covered by federal depository insurance, and \$190,715 was covered by collateral held in the pledging bank's trust department in the nursing home's name.

Interest Rate Risk

For an investment, this is the risk that a change in interest rates will affect the fair market value of investments held. The nursing home has certificates of deposit at a fixed interest rate.

The nursing home currently has no formal policy addressing interest rate or custodial credit risks other than to comply with state statutes.

The nursing home maintains a single \$158,000 certificate of deposit with a local financial institution. The certificate of deposit is nonnegotiable and renews automatically at the end of each month. The stated interest rate at June 30, 2013, was .2 percent.

D. Assets Limited as to Use

The nursing home administers certain funds, which are residents' personal assets. These assets are reflected in the accompanying financial statements as both an asset and a liability to the nursing home.

The composition of assets whose use is limited is:

	<u>6-30-13</u>
Resident Trust Fund	\$ 14,598

E. Capital Assets

Capital assets consist of the following:

	Balance 7-1-12	Additions	Balance 6-30-13
Capital Assets Being Depreciated:			
Land Improvements	\$ 48,696	\$ 0	\$ 48,696
Building	1,213,436	0	1,213,436
Fixed Equipment	248,306	0	248,306
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	74,092	0	74,092
Total Capital Assets Being Depreciated	<u>\$ 1,627,228</u>	<u>\$ 0</u>	<u>\$ 1,627,228</u>
Less Accumulated Depreciation for:			
Land Improvements	\$ 41,062	\$ 377	\$ 41,439
Building	819,669	57,116	876,785
Fixed Equipment	210,521	5,463	215,984
Major Moveable Equipment	42,698	0	42,698
Minor Moveable Equipment	37,244	3,514	40,758
Total Capital Assets Being Depreciated	<u>\$ 1,151,194</u>	<u>\$ 66,470</u>	<u>\$ 1,217,664</u>
Capital Assets, Net	<u>\$ 476,034</u>	<u>\$ (66,470)</u>	<u>\$ 409,564</u>

F. Purchased Services

The dietary arrangement between the nursing home and the hospital is a mutual agreement that the hospital will run the day-to-day operations of the cafeteria. However, the cafeteria space is located in the nursing home facilities and rent of \$1,000 per month is charged to the hospital. The hospital purchases all dietary supplies, dietary salaries, and consulting fees.

The nursing home is charged a cost-per-meal for the nursing home patient meals served.

Total amount paid to the hospital for these expenses was as follows:

	<u>2013</u>
Dietary Purchased Services	\$ 383,666

The amount of unpaid expense due to the hospital totaled \$113,432 at June 30, 2013. This amount is included in accounts payable on the balance sheet.

G. Compensated Absences

Nursing home employees are paid for personal annual leave (PAL) time by a prescribed formula based on length of service. Upon termination, employees of the nursing home are compensated for any PAL time earned but not taken. Compensated absence liabilities of \$46,950 were reported at June 30, 2013.

H. Concentration of Credit Risk

The nursing home is located in Pikeville, Tennessee. The nursing home grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2013</u>
Medicaid	86 %
Patients	14

I. Commitments and Contingencies

Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

There are no future minimum lease payments under operating leases as of June 30, 2013, that have initial or remaining lease terms in excess of one year.

Total rental expense in 2013 for all operating leases was \$4,824.

Claims-made Insurance Policies

The nursing home is insured for professional liability under a claims-made policy with an independent insurance carrier. A claims-made policy covers claims reported to the carrier during the policy term, regardless of the date of

incident giving rise to the claim. Premiums are determined by a variety of factors related to the nursing home. The primary level of coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Coverage for workers' compensation insurance is provided on a claims-made basis. The primary level of coverage is \$100,000 per claim, \$100,000 per employee, and \$500,000 in the aggregate.

Charity Care

The nursing home has an uncompensated services obligation under a Hill-Burton Grant. During the fiscal year ending June 30, 2003, the Hill-Burton obligation was converted from a dollar obligation to a time obligation expiring September 29, 2016. The fulfillment of this Hill-Burton requirement can be satisfied by providing free care in future periods.

J. Net Working Capital

Net working capital at June 30, 2013, was \$430,987.

K. Contribution Income

In 2013, the nursing home received a contribution from the Bledsoe County Commission totaling \$45,000 to be used as needed during the course of operations. At June 30, 2013, all proceeds had been used.

L. Employee Benefit Plan

Effective July 6, 2010, the Bledsoe County Nursing Home, joined the Tennessee Consolidated Retirement System (TCRS), a multiple-employer Public Employee Retirement System (PERS). All full-time personnel employed at or after October 1, 2010, are required to participate in the TCRS pension plan. The nursing home contributes the employer's share of pension contributions based on a set percent of payroll determined by actuarial valuation. The rate is subject to change every two years in order to keep the system actuarially sound. The employees are required to contribute five percent of their salaries to the plan. Contributions by the nursing home totaled \$74,241 during the fiscal year. Information in regard to funding status, contribution requirements, and trends appears in the financial statements of Bledsoe County and cannot be separately identified for the nursing home.

VII. OTHER NOTES – DISCRETELY PRESENTED BLEDSOE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Bledsoe County E-911 Emergency Communication District was established for the purpose of providing an enhanced level of 911 services to

Bledsoe County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Bledsoe County. The district must file a budget with Bledsoe County each year. Any bond issued by the district is subject to approval by Bledsoe County. On January 16, 2008, the district entered into an inter-local agreement with Bledsoe County that appears to give all authority of the district, its operations and assets to the county (See Note I.).

The district uses the accrual basis of accounting and economic resource measurement focus. Revenues are recognized when earned, and expenses are recognized when incurred.

Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. All capital assets over \$500 are capitalized. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life - Years	2013 Depreciation
Building and Improvements	S/L	10 - 40	\$ 3,787
Furniture and Fixtures	S/L	5 - 10	265
Office Equipment	S/L	5 - 10	713
Communications Equipment	S/L	5 - 10	<u>45,281</u>
Total			<u>\$ 50,046</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Non-operating revenue consists of a grant given by the State Emergency Communications Board to help the district employ dispatchers, interest, and miscellaneous income.

B. Cash and Cash Investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance District (SAIF).

The following is a schedule of bank accounts at June 30, 2013:

Checking - First National Bank	\$ <u>472,181</u>
--------------------------------	-------------------

At June 30, 2013, the carrying amount of the district's cash deposits was \$472,181. The district's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered by the government collateralization pool of which First National Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *Tennessee Code Annotated*. [Acts 1992, ch. 891, sct 10].

C. Risk Management

The district has bonds covering certain members of the board at June 30, 2013. The district is exposed to other areas of risk including theft, property damage, and public liabilities. The district is covered under the county's policy for these areas of risk. There have been no losses or settlements during the past three years that have exceeded coverage amounts.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2013:

<u>Assets</u>	Balance 7-1-12	Additions	Balance 6-30-13
Building and Improvements	\$ 110,168	\$ 400	\$ 110,568
Furniture and Fixtures	16,160	0	16,160
Office Equipment	11,083	0	11,083
Communications Equipment	459,580	46,435	506,015
Total	<u>\$ 596,991</u>	<u>\$ 46,835</u>	<u>\$ 643,826</u>
	Accumulated Depreciation 7-1-12	Current Year Depreciation	Accumulated Depreciation 6-30-13
<u>Assets</u>			
Building and Improvements	\$ 23,918	\$ 3,787	\$ 27,705
Furniture and Fixtures	15,704	265	15,969
Office Equipment	9,760	713	10,473
Communications Equipment	267,849	45,281	313,130
Total	<u>\$ 317,231</u>	<u>\$ 50,046</u>	<u>\$ 367,277</u>

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Accounts Receivable/Due from State

The amounts due to the district from the wireless charges and other government agencies include the following:

Bledsoe Telephone Coop	\$	8,175
State of Tennessee - ECB		<u>5,398</u>
Total Accounts Receivable	\$	<u><u>13,573</u></u>

G. Compensated Absences

There were no compensated absences for June 30, 2013.

H. Calculation of Investment in Capital Assets

Net Book Value	\$	276,549
Current and Non-Current Debt		<u>0</u>
Investment in Capital Assets	\$	<u><u>276,549</u></u>

I. Inter-local Agreements

An Inter-local Agreement was entered into January 16, 2008, between Bledsoe County and the district. This agreement gives the county through the Mayor's Office:

- authority to manage all county radio communications,
- complete authority over employees necessary for operations at the center,
- authority to perform maintenance of the addressing, mapping, and GIS in accordance with guidelines of the TECB,
- and citizen's access to the center's conference room for board and committee meetings and rights to public records as defined by state law.

The revised agreement returns to the district:

- any interest and title to the center and grounds as it may have possessed. The district hereby grants the county a license to use the center for

purposes described herein. The county will keep the center in good condition.

- any interest in ownership of PSAP equipment previously acquired by the county. The district hereby grants the county a license to use the PSAP equipment for the purposes described herein. The county shall be responsible to maintain all equipment.
- any equipment not needed or no longer functional.
- the district shall annually provide to the county cost recovery payments to offset adequately staged by trained and competent personnel to the extent that funds are available to the district and authorized by the TECB.
- the county will remain responsible for paying costs associated with the radio system, including, but not limited to, towers, repeaters, generators, and tower equipment buildings, as and when required.

Another Inter-local Agreement was entered into April 16, 2008, between the Bledsoe County 911 District and the Sequatchie County 911 District. The purpose of this agreement is for technical services to be performed by the professional staff of the Sequatchie ECD, including, but not limited to the following:

- The development of new information, and the correction of existing information, necessary for the proper functioning of the Bledsoe ECD's enhanced 9-1-1 (E-911) system, which information includes, but is not limited to, the master street addressing guide (MSAG);
- The conversion of the information into an appropriate format so that mapping software, including that data within a geographic information system (GIS), may be properly accessed;
- The merger of the Bledsoe ECD information with the MSAG maintained by the Bledsoe Telephone Cooperative (BTC) so that the E-911 system will properly identify the location of callers; the purging of outdated information from E-911 databases; and the loading of updated information;
- The development of a GIS that meets standards of the Tennessee Emergency Communications Board (TECB) and the State of Tennessee Office of Information Resources, Division of GIS (OIR-GIS); and,
- The training of a person designated by the Bledsoe ECD so that all information may be maintained in compliance with requirements of the TECB and OIR-GIS.

Services provided by the Sequatchie ECD:

- The 1st phase of the project is for the Sequatchie ECD to build a proper information foundation. To assist in this phase of the project, the Bledsoe ECD hereby grants to the Sequatchie ECD full and complete access to all information in its possession, or in the possession of other parties, including the BTC and MSAG Data Consultants, Inc., a private company that developed and maintains Bledsoe ECD information.
- The 2nd phase will follow. It will include the review of all existing information, and the editing/correcting of inaccurate or outdated information.
- The 3rd phase will be to convert the AutoCAD file structure into an ESRI format to meet accepted mapping standards as promulgated by OIR-GIS. This conversion will enable GIS information (street centerlines, structures, etc.) to be maintained with current software and hardware.
- The 4th phase will be to merge the MSAG and other database information with the BTC MSAG so that accurate information, including Automatic Location Information (ALI), is provided to the 911 Center when there is an E-911 event.
- The 5th phase will be to purge all databases that supply information to the 911 center, and to load corrected data onto the system network.
- The 6th and final phase will be to provide training to a person designated by the Bledsoe ECD so that this person may perform and maintain the updated information and databases to insure compliance with TECB and OIR-GIS requirements.

Compensation and Adjustment

The Bledsoe ECD will remit payment to the Sequatchie ECD of \$2,500 per month during the course of the project. Payment will be made on or before the 1st day of each month, commencing on the first day of the month following the signing of the agreement. If at any time during the project, either party deems the amount of compensation in need of adjustment, the parties will confer informally and seek to make equitable changes.

Reporting

The Sequatchie ECD will provide monthly reports on project-related activities to the chairman of the Bledsoe ECD, detailing work performed.

Special Equipment

In the event the Sequatchie ECD determines that special equipment, such as an appropriately configured computer or other hardware and software, may be needed for performance of the phases described above, including equipment that may be required by the Bledsoe ECD-designated trainee, or services by a third-party vendor, a written recommendation will be made to the Bledsoe ECD, through the chairman of the Bledsoe ECD Board of Directors, who may determine whether to authorize the purchase of the special equipment and/or services, subject to such authorization as may be provided by the Bledsoe ECD Board of Directors.

Termination

Either party may terminate the agreement at any time for any reason by giving written notice to the other party. If termination occurs during a month, the compensation payment shall be pro-rated accordingly.

J. Budgetary Process

The district is required to file a budget with the county each year. The budget is presented on the accrual basis of accounting and is an adopted non-appropriated budget approved by the board of directors with line-item level of budgetary control.

K. Subsequent Events

The district has evaluated subsequent events through February 6, 2014, the date in which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Bledsoe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Bledsoe County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 11,444	\$ 12,476	\$ 1,032	91.73	% \$ 5,260	19.61 %
7-1-09	9,344	11,519	2,175	81.12	4,074	53.39
7-1-07	8,646	9,009	363	95.97	3,691	9.83

Exhibit E-2

Bledsoe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Bledsoe County School Department
June 30, 2013

(Dollar amounts in thousands)

<u>Plans</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-09	\$ 0	\$ 167	\$ 167	0	\$ 653	25.57 %
"	7-1-10	0	180	180	0	586	30.72
"	7-1-11	0	119	119	0	1,100	10.82
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	1,281	1,281	0	5,024	25.50
"	7-1-10	0	1,325	1,325	0	5,865	22.59
"	7-1-11	0	1,427	1,427	0	6,089	23.44

BLEDSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions related to the disposal of solid waste.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for some transactions of the Bledsoe County Emergency Communications District, a discretely presented component unit, based upon a contract with the district. The district contributes funds to the county, and the county manages the operating expenses for the district.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for community development projects.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for the HOME Investment Program.

Exhibit F-1

Bledsoe County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Other Special Revenue	Constituti- onal Officers - Fees	Total	General Capital Projects	HUD Grant Projects	Total	
\$	0 \$	0 \$	0 \$	78 \$	78 \$	0 \$	0 \$	0 \$	78
Equity in Pooled Cash and Investments	169,100	36,612	16,533	0	222,245	125,523	550	126,073	348,318
Due from Other Governments	16,217	0	0	0	16,217	0	0	0	16,217
Property Taxes Receivable	250,119	0	0	0	250,119	0	0	0	250,119
Allowance for Uncollectible Property Taxes	(19,677)	0	0	0	(19,677)	0	0	0	(19,677)
Total Assets	\$ 415,759 \$	36,612 \$	16,533 \$	78 \$	468,982 \$	125,523 \$	550 \$	126,073 \$	595,055
LIABILITIES									
Payroll Deductions Payable	0 \$	0 \$	41 \$	0 \$	41 \$	0 \$	0 \$	0 \$	41
Due to Other Funds	0	0	0	78	78	0	0	0	78
Total Liabilities	0 \$	0 \$	41 \$	78 \$	119 \$	0 \$	0 \$	0 \$	119
DEFERRED INFLOWS OF RESOURCES									
Deferred Current Property Taxes	215,934 \$	0 \$	0 \$	0 \$	215,934 \$	0 \$	0 \$	0 \$	215,934
Deferred Delinquent Property Taxes	14,008	0	0	0	14,008	0	0	0	14,008
Total Deferred Inflows of Resources	\$ 229,942 \$	0 \$	0 \$	0 \$	229,942 \$	0 \$	0 \$	0 \$	229,942
FUND BALANCES									
Restricted:	0 \$	36,612 \$	0 \$	0 \$	36,612 \$	0 \$	0 \$	0 \$	36,612
Restricted for Public Safety	185,817	0	0	0	185,817	0	0	0	185,817
Restricted for Other Operations	0	0	0	0	0	125,523	0	125,523	125,523
Restricted for Capital Outlay	0	0	0	0	0	0	550	550	550
Restricted for Capital Projects	0	0	0	0	0	0	0	0	0
Restricted for Other Purposes	0	0	16,492	0	16,492	0	0	0	16,492
Total Fund Balances	\$ 185,817 \$	36,612 \$	16,492 \$	0 \$	238,921 \$	125,523 \$	550 \$	126,073 \$	364,994
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 415,759 \$	36,612 \$	16,533 \$	78 \$	468,982 \$	125,523 \$	550 \$	126,073 \$	595,055

Bledsoe County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees		
Revenues						
Local Taxes	\$ 234,556	\$ 0	\$ 0	\$ 0	\$ 0	234,556
Licenses and Permits	1,012	0	0	0	0	1,012
Fines, Forfeitures, and Penalties	0	4,748	0	0	0	4,748
Charges for Current Services	0	0	0	9,279	0	9,279
Other Local Revenues	13,650	1,000	90	0	0	14,740
State of Tennessee	74,361	0	337	0	0	74,598
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	135,500	0	0	135,500
Total Revenues	\$ 323,479	\$ 5,748	\$ 135,927	\$ 9,279	\$ 0	\$ 474,433
Expenditures						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	0	0	0	19	0	19
Administration of Justice	0	0	0	9,260	0	9,260
Public Safety	0	46	199,707	0	0	199,753
Public Health and Welfare	244,083	0	0	0	0	244,083
Other Operations	0	0	0	0	0	0
Highways	40,054	0	0	0	0	40,054
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 284,137	\$ 46	\$ 199,707	\$ 9,279	\$ 0	\$ 493,169
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,342	\$ 5,702	\$ (63,780)	\$ 0	\$ 0	(18,736)
Other Financing Sources (Uses)						
Transfers In	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	50,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Net Change in Fund Balances	\$ 39,342	\$ 5,702	\$ (13,780)	\$ 0	\$ 0	31,264
Fund Balance, July 1, 2012	146,475	30,910	30,272	0	0	207,657
Fund Balance, June 30, 2013	\$ 185,817	\$ 36,612	\$ 16,492	\$ 0	\$ 0	\$ 238,921

(Continued)

Bledsoe County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds (Cont.)

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	HUD Grant Projects	Total		
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	234,556
Licenses and Permits	0	0	0	0	0	1,012
Fines, Forfeitures, and Penalties	0	0	0	0	0	4,748
Charges for Current Services	0	0	0	0	0	9,279
Other Local Revenues	0	0	6,500	6,500	0	21,240
State of Tennessee	0	0	0	0	0	74,598
Federal Government	0	476,100	9,340	485,440	0	485,440
Other Governments and Citizens Groups	0	0	0	0	0	135,500
Total Revenues	\$ 0	\$ 476,100	\$ 15,840	\$ 491,940	\$ 0	\$ 966,373
<u>Expenditures</u>						
Current:						
General Government	\$ 9,990	\$ 0	\$ 0	\$ 9,990	\$ 0	9,990
Finance	0	0	0	0	0	19
Administration of Justice	0	0	0	0	0	9,260
Public Safety	0	0	0	0	0	199,753
Public Health and Welfare	0	0	0	0	0	244,083
Other Operations	3,500	139,652	15,840	158,992	0	158,992
Highways	0	0	0	0	0	40,054
Capital Projects	0	336,448	0	336,448	0	336,448
Total Expenditures	\$ 13,490	\$ 476,100	\$ 15,840	\$ 505,430	\$ 0	\$ 998,599
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,490)	\$ 0	\$ 0	\$ (13,490)	\$ 0	\$ (32,226)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,000
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ (13,490)	\$ 0	\$ 0	\$ (13,490)	\$ 0	\$ 17,774
	139,013	0	550	139,563	0	347,220
Fund Balance, June 30, 2013	\$ 125,523	\$ 0	\$ 550	\$ 126,073	\$ 0	\$ 364,994

Exhibit F-3

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 234,556	\$ 236,135	\$ 236,135	\$ (1,579)
Licenses and Permits	1,012	1,070	1,070	(58)
Other Local Revenues	13,650	13,500	13,500	150
State of Tennessee	74,261	58,500	58,500	15,761
Total Revenues	<u>\$ 323,479</u>	<u>\$ 309,205</u>	<u>\$ 309,205</u>	<u>\$ 14,274</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 225,630	\$ 233,970	\$ 240,820	\$ 15,190
Landfill Operation and Maintenance	18,453	20,500	20,500	2,047
<u>Highways</u>				
Litter and Trash Collection	40,054	47,630	47,630	7,576
Total Expenditures	<u>\$ 284,137</u>	<u>\$ 302,100</u>	<u>\$ 308,950</u>	<u>\$ 24,813</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 39,342</u>	<u>\$ 7,105</u>	<u>\$ 255</u>	<u>\$ 39,087</u>
Net Change in Fund Balance	\$ 39,342	\$ 7,105	\$ 255	\$ 39,087
Fund Balance, July 1, 2012	<u>146,475</u>	<u>142,113</u>	<u>142,113</u>	<u>4,362</u>
Fund Balance, June 30, 2013	<u>\$ 185,817</u>	<u>\$ 149,218</u>	<u>\$ 142,368</u>	<u>\$ 43,449</u>

Exhibit F-4

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 4,748	\$ 3,900	\$ 3,900	\$ 848
Other Local Revenues	1,000	0	0	1,000
Total Revenues	<u>\$ 5,748</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 1,848</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 0	\$ 1,700	\$ 1,650	\$ 1,650
Drug Enforcement	46	2,000	2,050	2,004
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	0	200	200	200
Total Expenditures	<u>\$ 46</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,702</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,702</u>
Net Change in Fund Balance	\$ 5,702	\$ 0	\$ 0	\$ 5,702
Fund Balance, July 1, 2012	<u>30,910</u>	<u>30,910</u>	<u>30,910</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 36,612</u>	<u>\$ 30,910</u>	<u>\$ 30,910</u>	<u>\$ 5,702</u>

Exhibit F-5

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 90	\$ 46,910	\$ 46,910	\$ (46,820)
State of Tennessee	337	0	0	337
Other Governments and Citizens Groups	135,500	180,000	180,000	(44,500)
Total Revenues	<u>\$ 135,927</u>	<u>\$ 226,910</u>	<u>\$ 226,910</u>	<u>\$ (90,983)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Other Public Safety	\$ 199,707	\$ 226,910	\$ 226,910	\$ 27,203
Total Expenditures	<u>\$ 199,707</u>	<u>\$ 226,910</u>	<u>\$ 226,910</u>	<u>\$ 27,203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (63,780)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (63,780)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>
Net Change in Fund Balance	\$ (13,780)	\$ 0	\$ 0	\$ (13,780)
Fund Balance, July 1, 2012	<u>30,272</u>	<u>13,312</u>	<u>13,312</u>	<u>16,960</u>
Fund Balance, June 30, 2013	<u>\$ 16,492</u>	<u>\$ 13,312</u>	<u>\$ 13,312</u>	<u>\$ 3,180</u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 448,688	\$ 437,045	\$ 437,045	\$ 11,643
Licenses and Permits	1,473	650	650	823
Other Local Revenues	49,651	50,000	50,000	(349)
State of Tennessee	52,382	15,500	15,500	36,882
Other Governments and Citizens Groups	968,291	34,860	1,003,151	(34,860)
Total Revenues	<u>\$ 1,520,485</u>	<u>\$ 538,055</u>	<u>\$ 1,506,346</u>	<u>\$ 14,139</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 179,963	\$ 404,860	\$ 199,524	\$ 19,561
Education	680,697	0	680,697	0
<u>Interest on Debt</u>				
General Government	355,302	150,000	355,302	0
Education	252,594	0	252,594	0
<u>Other Debt Service</u>				
General Government	10,020	8,300	14,487	4,467
Total Expenditures	<u>\$ 1,478,576</u>	<u>\$ 563,160</u>	<u>\$ 1,502,604</u>	<u>\$ 24,028</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,909</u>	<u>\$ (25,105)</u>	<u>\$ 3,742</u>	<u>\$ 38,167</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,146,191	\$ 0	\$ 3,114,236	\$ 31,955
Payments to Refunded Debt Escrow Agent	(3,149,236)	0	(3,149,236)	0
Total Other Financing Sources	<u>\$ (3,045)</u>	<u>\$ 0</u>	<u>\$ (35,000)</u>	<u>\$ 31,955</u>
Net Change in Fund Balance	\$ 38,864	\$ (25,105)	\$ (31,258)	\$ 70,122
Fund Balance, July 1, 2012	<u>481,270</u>	<u>568,761</u>	<u>568,761</u>	<u>(87,491)</u>
Fund Balance, June 30, 2013	<u>\$ 520,134</u>	<u>\$ 543,656</u>	<u>\$ 537,503</u>	<u>\$ (17,369)</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Bledsoe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,408,541	\$ 1,408,541
Due from Other Governments	31,904	0	31,904
Total Assets	<u>\$ 31,904</u>	<u>\$ 1,408,541</u>	<u>\$ 1,440,445</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 31,904	\$ 0	\$ 31,904
Due to Litigants, Heirs, and Others	0	1,408,541	1,408,541
Total Liabilities	<u>\$ 31,904</u>	<u>\$ 1,408,541</u>	<u>\$ 1,440,445</u>

Exhibit H-2

Bledsoe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 192,121	\$ 192,121	\$ 0
Due from Other Governments	33,556	31,904	33,556	31,904
Total Assets	<u>\$ 33,556</u>	<u>\$ 224,025</u>	<u>\$ 225,677</u>	<u>\$ 31,904</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 33,556	\$ 224,025	\$ 225,677	\$ 31,904
Total Liabilities	<u>\$ 33,556</u>	<u>\$ 224,025</u>	<u>\$ 225,677</u>	<u>\$ 31,904</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,464,964	\$ 2,393,153	\$ 2,449,576	\$ 1,408,541
Total Assets	<u>\$ 1,464,964</u>	<u>\$ 2,393,153</u>	<u>\$ 2,449,576</u>	<u>\$ 1,408,541</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,464,964	\$ 2,393,153	\$ 2,449,576	\$ 1,408,541
Total Liabilities	<u>\$ 1,464,964</u>	<u>\$ 2,393,153</u>	<u>\$ 2,449,576</u>	<u>\$ 1,408,541</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,464,964	\$ 2,393,153	\$ 2,449,576	\$ 1,408,541
Equity in Pooled Cash and Investments	0	192,121	192,121	0
Due from Other Governments	33,556	31,904	33,556	31,904
Total Assets	<u>\$ 1,498,520</u>	<u>\$ 2,617,178</u>	<u>\$ 2,675,253</u>	<u>\$ 1,440,445</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 33,556	\$ 224,025	\$ 225,677	\$ 31,904
Due to Litigants, Heirs, and Others	1,464,964	2,393,153	2,449,576	1,408,541
Total Liabilities	<u>\$ 1,498,520</u>	<u>\$ 2,617,178</u>	<u>\$ 2,675,253</u>	<u>\$ 1,440,445</u>

Bledsoe County School Department

This section presents combining and individual fund financial statements for the Bledsoe County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, a Debt Service Fund, and a Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the contribution to the primary government of, education related long-term debt principal, interest, and related costs.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Bledsoe County, Tennessee
Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 8,981,714	\$ 36,011	\$ 1,348,124	\$ (7,597,579)
Support Services	6,414,448	0	0	(6,414,448)
Operation of Non-Instructional Services	2,070,153	259,877	1,723,686	(86,590)
Interest on Long-term Debt	253,508	0	0	(253,508)
Other Debt Service	164,445	0	0	(164,445)
Total Governmental Activities	\$ 17,884,268	\$ 295,888	\$ 3,071,810	\$ (14,516,570)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,627,334
Property Taxes Levied for Debt Service				85,608
Local Option Sales Taxes				624,380
Other Local Taxes				1,965
Grants and Contributions Not Restricted to Specific Programs				12,491,427
Unrestricted Investment Earnings				577
Miscellaneous				56,959
Total General Revenues				\$ 14,888,250
Change in Net Position				\$ 371,680
Net Position, July 1, 2012				3,248,659
Net Position, June 30, 2013				\$ 3,620,339

Bledsoe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Bledsoe County School Department
June 30, 2013

	Major Funds						Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects		
\$	0	0	5,558	0	0	0	5,558
1,638,989	0	359,343	333,906	3,950,137			6,282,375
14,441	0	0	0	0			14,441
396,578	66,818	0	74,716	0			538,112
1,759,264	0	0	92,973	0			1,852,237
(129,778)	0	0	(7,314)	0			(137,092)
\$ 3,679,494	\$ 66,818	\$ 364,901	\$ 494,281	\$ 3,950,137	\$	\$	8,555,631

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Total Assets	

LIABILITIES

Accounts Payable	1,363	700	242	0	46,700	0	49,005
Payroll Deductions Payable	6,332	140	61	0	0	0	6,533
Cash Overdraft	0	12,703	0	0	0	0	12,703
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable	0	0	6,525	0	0	0	6,525
Total Liabilities	\$ 7,695	\$ 13,543	\$ 6,828	\$ 0	\$ 46,700	\$	74,766

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	1,541,689	0	0	80,266	0	0	1,621,955
Deferred Delinquent Property Taxes	84,298	0	0	3,643	0	0	87,941
Other Deferred/Unavailable Revenue	17,071	0	0	37,213	0	0	54,284
Total Deferred Inflows of Resources	\$ 1,643,058	\$ 0	\$ 0	\$ 121,122	\$ 0	\$ 0	1,764,180

FUND BALANCES

Restricted:							
Restricted for Education	179,435	3,275	358,073	373,159	3,774,937	0	4,688,879
Committed:							
Committed for Education	0	50,000	0	0	0	0	50,000
Assigned:							
Assigned for Education	25,657	0	0	0	128,500	0	154,157
Unassigned	1,823,649	0	0	0	0	0	1,823,649
Total Fund Balances	\$ 2,028,741	\$ 53,275	\$ 358,073	\$ 373,159	\$ 3,903,437	\$	6,716,685
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,679,494	\$ 66,818	\$ 364,901	\$ 494,281	\$ 3,950,137	\$	8,555,631

Exhibit I-3

Bledsoe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Bledsoe County School Department
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 6,716,685
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	\$ 380,847	
Add: buildings and improvements net of accumulated depreciation	8,881,726	
Add: infrastructure net of accumulated depreciation	111,391	
Add: other capital assets net of accumulated depreciation	<u>1,114,128</u>	10,488,092
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: principal on bonds to be contributed on primary government debt	\$ (12,815,000)	
Less: principal on notes to be contributed on primary government debt	(316,854)	
Less: principal on other loans to be contributed on primary government debt	(351,200)	
Less: other postemployment benefits liability	(430,457)	
Add: deferred amount on refunding	<u>186,848</u>	(13,726,663)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>142,225</u>
Net position of governmental activities (Exhibit A)		<u>\$ 3,620,339</u>

Bledsoe County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances -
 Governmental Funds
 Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2013

	Major Funds						Total Governmental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects		
Revenues							
Local Taxes	\$ 1,852,222	\$ 0	\$ 0	\$ 513,231	\$ 0	\$ 0	\$ 2,365,453
Licenses and Permits	7,471	0	0	376	0	0	7,847
Charges for Current Services	0	0	259,877	0	0	0	259,877
Other Local Revenues	73,084	0	577	0	0	0	73,661
State of Tennessee	12,128,109	0	11,379	9,740	0	0	12,149,228
Federal Government	78,573	2,208,496	1,110,361	0	0	0	3,397,430
Other Governments and Citizens Groups	0	0	0	0	3,951,637	0	3,951,637
Total Revenues	\$ 14,139,459	\$ 2,208,496	\$ 1,382,194	\$ 523,347	\$ 3,951,637	\$ 0	\$ 22,205,133
Expenditures							
Current:							
Instruction	\$ 7,725,562	\$ 1,055,383	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,780,945
Support Services	4,910,097	1,127,520	0	0	0	0	6,037,617
Operation of Non-Instructional Services	706,893	0	1,375,098	0	0	0	2,081,991
Capital Outlay	36,600	0	0	0	0	0	36,600
Debt Service:							
Principal on Debt	100,697	0	0	580,000	0	0	680,697
Interest on Debt	16,477	0	0	236,117	0	0	252,594
Other Debt Service	0	0	0	42,199	0	0	42,199
Capital Projects	0	0	0	0	48,200	0	48,200
Total Expenditures	\$ 13,496,326	\$ 2,182,903	\$ 1,375,098	\$ 858,316	\$ 48,200	\$ 0	\$ 17,960,843
Excess (Deficiency) of Revenues Over Expenditures	\$ 643,133	\$ 25,593	\$ 7,096	\$ (334,969)	\$ 3,903,437	\$ 0	\$ 4,244,290
Other Financing Sources (Uses)							
Insurance Recovery	\$ 17,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,952
Transfers In	30,217	0	0	521,180	0	0	551,397
Transfers Out	(521,180)	(30,217)	0	0	0	0	(551,397)
Total Other Financing Sources (Uses)	\$ (473,011)	\$ (30,217)	\$ 0	\$ 521,180	\$ 0	\$ 0	\$ 17,952
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ 170,122	\$ (4,624)	\$ 7,096	\$ 186,211	\$ 3,903,437	\$ 0	\$ 4,262,242
Fund Balance, June 30, 2013	\$ 1,858,619	\$ 57,899	\$ 350,977	\$ 186,948	\$ 3,903,437	\$ 0	\$ 2,454,443
Fund Balance, June 30, 2013	\$ 2,028,741	\$ 53,275	\$ 358,073	\$ 373,159	\$ 3,903,437	\$ 0	\$ 6,716,685

Exhibit I-5

Bledsoe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 4,262,242	
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	154,238	
Less: current-year depreciation expense		<u>(508,490)</u>	(354,252)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(21,826)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.			
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$	142,225	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(156,960)</u>	(14,735)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Less: bond proceeds contributed from primary government	\$	(3,951,637)	
Less: change in deferred amount on refunding		(23,883)	
Less: difference in refunding debt issued and retired		(85,000)	
Less: other debt service		(48,363)	
Add: principal payments on bonds for primary government		580,000	
Add: principal payments on notes for primary government		29,273	
Add: principal payments on other loans for primary government		<u>71,424</u>	(3,428,186)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability	\$	(105,649)	
Change in accrued interest payable		<u>34,086</u>	<u>(71,563)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 371,680</u>

Exhibit I-6

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bledsoe County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,852,222	\$ 0	\$ 1,852,222	\$ 1,787,621	\$ 1,787,621	\$ 64,601
Licenses and Permits	7,471	0	7,471	7,000	7,000	471
Other Local Revenues	73,084	0	73,084	97,062	97,062	(23,978)
State of Tennessee	12,128,109	0	12,128,109	11,815,540	11,888,987	239,122
Federal Government	78,573	0	78,573	74,475	90,997	(12,424)
<u>Total Revenues</u>	<u>\$ 14,139,459</u>	<u>\$ 0</u>	<u>\$ 14,139,459</u>	<u>\$ 13,781,698</u>	<u>\$ 13,871,667</u>	<u>\$ 267,792</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 5,821,506	\$ 0	\$ 5,821,506	\$ 5,863,750	\$ 5,940,215	\$ 118,709
Alternative Instruction Program	52,031	0	52,031	52,777	52,777	746
Special Education Program	1,489,305	0	1,489,305	1,531,024	1,547,296	57,991
Vocational Education Program	331,893	0	331,893	350,287	350,287	18,394
Adult Education Program	30,827	0	30,827	66,356	43,756	12,929
<u>Support Services</u>						
Attendance	74,782	0	74,782	83,364	83,364	8,582
Health Services	221,204	0	221,204	223,159	270,759	49,555
Other Student Support	263,744	0	263,744	310,294	295,594	31,850
Regular Instruction Program	448,176	0	448,176	467,009	467,009	18,833
Special Education Program	146,606	0	146,606	147,632	147,882	1,276
Vocational Education Program	149	0	149	1,000	1,000	851
Adult Programs	74,967	0	74,967	59,528	83,128	8,161
Other Programs	64,902	0	64,902	0	64,902	0
Board of Education	290,536	0	290,536	317,659	317,659	27,123

(Continued)

Exhibit I-6

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bledsoe County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Director of Schools	\$ 227,202	\$ 0	\$ 227,202	\$ 246,950	\$ 236,950	\$ 9,748
Office of the Principal	680,658	0	680,658	695,585	695,880	15,222
Fiscal Services	194,106	0	194,106	206,322	205,027	10,921
Operation of Plant	1,016,903	0	1,016,903	1,079,584	1,089,584	72,681
Maintenance of Plant	240,846	0	240,846	284,069	284,669	43,823
Transportation	965,316	181,683	1,146,999	924,423	1,221,523	74,524
<u>Operation of Non-Instructional Services</u>						
Food Service	5,051	0	5,051	9,640	9,640	4,589
Community Services	279,406	0	279,406	300,831	302,465	23,059
Early Childhood Education	422,436	11,255	433,691	425,146	433,691	0
<u>Capital Outlay</u>						
Regular Capital Outlay	36,600	11,369	47,969	80,000	57,300	9,331
Principal on Debt	100,697	0	100,697	100,700	100,700	3
Education	16,477	0	16,477	16,480	16,480	3
Interest on Debt						
Education						
Total Expenditures	\$ 13,496,326	\$ 204,307	\$ 13,700,633	\$ 13,843,569	\$ 14,319,537	\$ 618,904
Excess (Deficiency) of Revenues Over Expenditures	\$ 643,133	\$ (204,307)	\$ 438,826	\$ (61,871)	\$ (447,870)	\$ 886,696
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 17,952	\$ 0	\$ 17,952	\$ 25,000	\$ 25,000	\$ (7,048)

(Continued)

Exhibit I-6

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bledsoe County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 30,217	0	\$ 30,217	\$ 25,000	\$ 27,547	\$ 2,670
Transfers Out	(521,180)	0	(521,180)	(300,000)	(523,727)	2,547
Total Other Financing Sources	\$ (473,011)	0	(473,011)	(250,000)	(471,180)	(1,831)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 170,122	(204,307)	(34,185)	(311,871)	(919,050)	884,865
	1,858,619	0	1,858,619	1,856,463	1,856,463	2,156
Fund Balance, June 30, 2013	\$ 2,028,741	(204,307)	1,824,434	1,544,592	937,413	887,021

Exhibit I-7

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,208,496	\$ 2,992,482	\$ 3,083,303	\$ (874,807)
Total Revenues	\$ 2,208,496	\$ 2,992,482	\$ 3,083,303	\$ (874,807)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 513,165	\$ 468,197	\$ 517,248	\$ 4,083
Special Education Program	518,753	609,008	603,843	85,090
Vocational Education Program	23,465	20,248	23,465	0
<u>Support Services</u>				
Other Student Support	28,934	70,134	105,473	76,539
Regular Instruction Program	966,771	1,646,131	1,654,684	687,913
Special Education Program	121,248	124,879	130,044	8,796
Vocational Education Program	1,724	1,755	1,724	0
Transportation	8,843	13,740	13,740	4,897
Total Expenditures	\$ 2,182,903	\$ 2,954,092	\$ 3,050,221	\$ 867,318
Excess (Deficiency) of Revenues Over Expenditures	\$ 25,593	\$ 38,390	\$ 33,082	\$ (7,489)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 120,142	\$ 7,030	\$ (7,030)
Transfers Out	(30,217)	(160,675)	(48,011)	17,794
Total Other Financing Sources	\$ (30,217)	\$ (40,533)	\$ (40,981)	\$ 10,764
Net Change in Fund Balance	\$ (4,624)	\$ (2,143)	\$ (7,899)	\$ 3,275
Fund Balance, July 1, 2012	57,899	57,899	57,899	0
Fund Balance, June 30, 2013	\$ 53,275	\$ 55,756	\$ 50,000	\$ 3,275

Exhibit I-8

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 259,877	\$ 309,950	\$ 309,950	\$ (50,073)
Other Local Revenues	577	1,000	1,000	(423)
State of Tennessee	11,379	11,000	11,000	379
Federal Government	1,110,361	1,069,620	1,069,620	40,741
Total Revenues	<u>\$ 1,382,194</u>	<u>\$ 1,391,570</u>	<u>\$ 1,391,570</u>	<u>\$ (9,376)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,375,098	\$ 1,381,869	\$ 1,392,457	\$ 17,359
Total Expenditures	<u>\$ 1,375,098</u>	<u>\$ 1,381,869</u>	<u>\$ 1,392,457</u>	<u>\$ 17,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,096</u>	<u>\$ 9,701</u>	<u>\$ (887)</u>	<u>\$ 7,983</u>
Net Change in Fund Balance	\$ 7,096	\$ 9,701	\$ (887)	\$ 7,983
Fund Balance, July 1, 2012	<u>350,977</u>	<u>350,977</u>	<u>350,977</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 358,073</u>	<u>\$ 360,678</u>	<u>\$ 350,090</u>	<u>\$ 7,983</u>

Exhibit I-9

Bledsoe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bledsoe County School Department
Education Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 513,231	\$ 488,567	\$ 488,567	\$ 24,664
Licenses and Permits	376	400	400	(24)
State of Tennessee	9,740	10,000	10,000	(260)
Total Revenues	<u>\$ 523,347</u>	<u>\$ 498,967</u>	<u>\$ 498,967</u>	<u>\$ 24,380</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 580,000	\$ 580,000	\$ 580,000	\$ 0
<u>Interest on Debt</u>				
Education	236,117	272,237	237,237	1,120
<u>Other Debt Service</u>				
Education	42,199	12,500	47,500	5,301
Total Expenditures	<u>\$ 858,316</u>	<u>\$ 864,737</u>	<u>\$ 864,737</u>	<u>\$ 6,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (334,969)</u>	<u>\$ (365,770)</u>	<u>\$ (365,770)</u>	<u>\$ 30,801</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 521,180	\$ 300,000	\$ 521,180	\$ 0
Total Other Financing Sources	<u>\$ 521,180</u>	<u>\$ 300,000</u>	<u>\$ 521,180</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 186,211	\$ (65,770)	\$ 155,410	\$ 30,801
Fund Balance, July 1, 2012	186,948	186,947	186,947	1
Fund Balance, June 30, 2013	<u>\$ 373,159</u>	<u>\$ 121,177</u>	<u>\$ 342,357</u>	<u>\$ 30,802</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Bledsoe County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-13
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
General Obligation/Refunding Bond Series 2009	\$ 8,790,000	2 to 4.5 %	6-1-09	6-1-41	\$ 8,445,000	0 \$	0 \$	150,000 \$	8,295,000 \$
Total Payable through General Debt Service Fund					\$ 8,445,000	0 \$	0 \$	150,000 \$	8,295,000 \$
<u>Payable by School Department Contributions through Education Debt Service Fund</u>									
School Refunding Series 2003	5,510,000	2 to 4.25	5-29-03	12-1-22	\$ 3,560,000	0 \$	3,030,000 \$	260,000 \$	270,000 \$
School Refunding Series 2011	5,850,000	1 to 3.5	7-15-11	10-1-26	5,750,000	0	0	320,000	5,430,000
School Refunding Series 2013	3,115,000	2 to 3.5	4-10-13	12-1-38	0	3,115,000	0	0	3,115,000
General Obligation Series 2013	4,000,000	2 to 3.5	4-10-13	12-1-38	0	4,000,000	0	0	4,000,000
Total Payable by School Department Contributions through Education Debt Service Fund					\$ 9,310,000	\$ 7,115,000	\$ 3,030,000	\$ 580,000	\$ 12,815,000
Total Bonds Payable					\$ 17,755,000	\$ 7,115,000	\$ 3,030,000	\$ 730,000	\$ 21,110,000
NOTES PAYABLE									
<u>Payable through Highway/Public Works Fund</u>									
Truck and Tractors	100,000	2.93	3-2-12	3-1-17	\$ 100,000	0 \$	0 \$	18,000 \$	82,000 \$
Total Payable through Highway/Public Works Fund					\$ 100,000	0 \$	0 \$	18,000 \$	82,000 \$
<u>Payable by School Department Contributions through General Purpose School Fund</u>									
Energy Program	412,269	4.95	12-2-09	12-1-21	\$ 346,127	0 \$	0 \$	29,273 \$	316,854 \$
Total Payable by School Department Contributions through General Purpose School Fund					\$ 346,127	0 \$	0 \$	29,273 \$	316,854 \$
Total Notes Payable					\$ 446,127	0 \$	0 \$	47,273 \$	398,854 \$
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Ambulances	214,200	3.75	2-6-12	3-1-19	\$ 205,222	0 \$	0 \$	29,963 \$	175,259 \$
Total Payable through General Debt Service Fund					\$ 205,222	0 \$	0 \$	29,963 \$	175,259 \$
<u>Payable by School Department Contributions through General Purpose School Fund</u>									
Energy Program	500,000	0	5-31-11	5-31-18	\$ 422,624	0 \$	0 \$	71,424 \$	351,200 \$
Total Payable by School Department Contributions through General Purpose School Fund					\$ 422,624	0 \$	0 \$	71,424 \$	351,200 \$
Total Other Loans Payable					\$ 627,846	0 \$	0 \$	101,387 \$	526,459 \$

Exhibit J-2

Bledsoe County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 790,000	\$ 709,778	\$ 1,499,778
2015	935,000	635,038	1,570,038
2016	955,000	616,225	1,571,225
2017	975,000	596,771	1,571,771
2018	1,000,000	575,581	1,575,581
2019	1,015,000	553,169	1,568,169
2020	1,050,000	529,214	1,579,214
2021	1,090,000	502,396	1,592,396
2022	1,100,000	473,190	1,573,190
2023	1,150,000	442,095	1,592,095
2024	785,000	413,471	1,198,471
2025	825,000	387,537	1,212,537
2026	850,000	359,650	1,209,650
2027	915,000	329,438	1,244,438
2028	435,000	306,150	741,150
2029	450,000	290,750	740,750
2030	470,000	274,112	744,112
2031	490,000	256,125	746,125
2032	510,000	237,350	747,350
2033	530,000	217,369	747,369
2034	555,000	196,350	751,350
2035	580,000	173,987	753,987
2036	605,000	150,725	755,725
2037	630,000	126,169	756,169
2038	665,000	100,225	765,225
2039	690,000	72,925	762,925
2040	495,000	47,925	542,925
2041	570,000	25,650	595,650
Total	\$ 21,110,000	\$ 9,599,365	\$ 30,709,365

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 50,756	\$ 17,151	\$ 67,907
2015	52,313	15,068	67,381
2016	54,917	12,937	67,854
2017	56,667	10,636	67,303
2018	37,473	8,277	45,750
2019	39,370	6,380	45,750
2020	41,353	4,397	45,750
2021	43,458	2,292	45,750
2022	22,547	328	22,875
Total	\$ 398,854	\$ 77,466	\$ 476,320

(Continued)

Exhibit J-2

Bledsoe County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	\$ 100,182	\$ 6,102	\$ 106,284
2015	101,279	5,005	106,284
2016	102,418	3,866	106,284
2017	103,601	2,683	106,284
2018	98,908	1,456	100,364
2019	20,071	264	20,335
Total	\$ 526,459	\$ 19,376	\$ 545,835

Exhibit J-3

Bledsoe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Other Special Revenue	Operations	\$ 50,000
Ambulance Service	General Debt Service	Debt Payments	31,955
Education Capital Projects	"	Refunding Bond Proceeds	<u>3,114,236</u>
Total Transfers Primary Government			<u>\$ 3,196,191</u>
<u>DISCRETELY PRESENTED BLEDSOE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	\$ 30,217
General Purpose School	Education Debt Service	Debt Retirement	<u>521,180</u>
Total Transfers Discretely Presented Bledsoe County School Department			<u>\$ 551,397</u>

Bledsoe County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA and County Commission	\$ 67,843	\$ 25,000	NGM Insurance
Road Superintendent	Section 8-24-102, TCA	64,613	100,000	Western Surety Company
Director of Schools	State Board of Education and Bledsoe County Board of Education	83,460 (1)	(2)	
Trustee	Section 8-24-102, TCA and County Commission	58,739	476,000	NGM Insurance
Assessor of Property:				
Candice Stults, Interim (7-1-12 through 8-31-12)	Section 8-24-102, TCA and County Commission	9,790	10,000	State Farm Fire and Casualty Company
Alan Nail (9-1-12 through 6-30-13)	Section 8-24-102, TCA and County Commission	48,949	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA and County Commission	58,739	25,000	NGM Insurance
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA and County Commission	58,739	25,000	"
Clerk and Master	Section 8-24-102, TCA and County Commission	58,739 (3)	45,000	State Farm Fire and Casualty Company
Register of Deeds	Section 8-24-102, TCA and County Commission	58,739	15,000	NGM Insurance
Sheriff	Section 8-24-102, TCA and County Commission	64,613 (4)	25,000	"
Employee Dishonesty Bond Coverage:				
General County Government			150,000	Local Government Property and Casualty Fund
Highway Department			150,000	"
School Employees			150,000	Tennessee Risk Management Trust

(1) Does not include a chief executive officer training supplement of \$1,000 and a travel allowance of \$5,000.

(2) The director of schools is covered under the employee dishonesty blanket bond.

(3) Does not include special commissioner fees of \$7,627.

(4) Does not include a law enforcement training supplement of \$600.

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds						Constitu- tional Officers - Fees	Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,673,280	\$ 203,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	134,068	12,895	0	0	0	0	0	0
Trustee's Collections - Bankruptcy	156	24	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	119,285	13,665	0	0	0	0	0	0
Interest and Penalty	24,789	2,497	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	7,790	853	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	2,048	197	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,599	194	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	67,641	0	0	0	0	0	0	0
Litigation Tax - General	18,655	0	0	0	0	0	0	0
Business Tax	67,455	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	5,919	720	0	0	0	0	0	0
Wholesale Beer Tax	107,382	0	0	0	0	0	0	0
Total Local Taxes	\$ 2,230,067	\$ 234,556	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 9,415	\$ 1,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Permits								
Beer Permits	1,045	0	0	0	0	0	0	0
Other Permits	285	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 10,745	\$ 1,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 7,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,100	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	225	0	0	0	0
Drug Court Fees	303	0	0	0	0	0	0	0
Jail Fees	238	0	0	0	0	0	0	0
DUI Treatment Fines	190	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	9,008	0	0	0	0	0	0	0
Officers Costs	11,615	0	0	0	0	0	0	0

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Constituti- onal Officers - Fees	Highway / Public Works
	General	Solid Waste / Sanitization	Ambulance Service	Drug Control	Other Special Revenue			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court (Cont.)</u>								
Drug Control Fines	0 \$	0 \$	0 \$	4,323 \$	0 \$	0 \$	0	
Drug Court Fees	2,830	0	0	0	0	0	0	
Jail Fees	4,623	0	0	0	0	0	0	
DUI Treatment Fines	2,110	0	0	0	0	0	0	
Data Entry Fee - General Sessions Court	2,614	0	0	0	0	0	0	
<u>Juvenile Court</u>								
Fines	95	0	0	0	0	0	0	
Officers Costs	107	0	0	0	0	0	0	
<u>Chancery Court</u>								
Data Entry Fee - Chancery Court	1,540	0	0	0	0	0	0	
Courtroom Security Fee	16	0	0	0	0	0	0	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	200	0	0	0	
Total Fines, Forfeitures, and Penalties	44,796 \$	0 \$	0 \$	4,748 \$	0 \$	0 \$	0	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	0 \$	0 \$	649,189 \$	0 \$	0 \$	0 \$	0	
Work Release Charges for Board	630	0	0	0	0	0	0	
<u>Fees</u>								
Copy Fees	1,173	0	160	0	0	0	0	
Library Fees	905	0	0	0	0	0	0	
Telephone Commissions	20,624	0	0	0	0	0	0	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,652	0	
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	7,627	0	
Data Processing Fee - Register	4,068	0	0	0	0	0	0	
Data Processing Fee - Sheriff	50	0	0	0	0	0	0	
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0	0	0	
Total Charges for Current Services	30,450 \$	0 \$	649,349 \$	0 \$	0 \$	9,279 \$	0	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0 \$	0 \$	331 \$	0 \$	0 \$	0 \$	0	
Lease/Rentals	140,000	0	0	0	0	0	0	
Sale of Materials and Supplies	118	0	0	0	0	0	0	
Commissary Sales	3,725	0	0	0	0	0	0	

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Sale of Recycled Materials	0	13,559	0	0	0	0	0
Refund of Telecommunication & Internet Fees (E-Rate)	1,688	0	0	0	0	0	0
Miscellaneous Refunds	42,317	91	68	1,000	90	0	1,647
<u>Nonrecurring Items</u>							
Damages Recovered from Individuals	0	0	0	0	0	0	4,012
Contributions and Gifts	537	0	150	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	29	0	0	0	0	0	0
Total Other Local Revenues	\$ 188,414	\$ 13,650	\$ 549	\$ 1,000	\$ 90	\$ 0	\$ 5,659
<u>Fees Received from County Officials</u>							
<u>Fees In-Lieu-of Salary</u>							
County Clerk	100,279	0	0	0	0	0	0
Circuit Court Clerk	28,094	0	0	0	0	0	0
General Sessions Court Clerk	60,299	0	0	0	0	0	0
Clerk and Master	48,546	0	0	0	0	0	0
Juvenile Court Clerk	619	0	0	0	0	0	0
Register	43,717	0	0	0	0	0	0
Sheriff	2,198	0	0	0	0	0	0
Trustee	136,373	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 420,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	21,375	0	0	0	0	0	0
Solid Waste Grants	0	8,735	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	4,800	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	71,765	0	0	0	0	0	0
<u>Public Works Grants</u>							
Litter Program	0	39,323	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	5,822	0	0	0	0	0	0

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Alcoholic Beverage Tax	\$ 34,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	215,444	26,203	0	0	0	0	0
Contracted Prisoner Boarding	948,540	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,511,351
Petroleum Special Tax	0	0	0	0	0	0	9,291
Registrar's Salary Supplement	11,373	0	0	0	0	0	0
Other State Grants	0	0	0	0	337	0	0
Other State Revenues	1,928	0	0	0	0	0	0
Total State of Tennessee	\$ 1,315,881	\$ 74,261	\$ 0	\$ 0	\$ 337	\$ 0	\$ 1,520,642
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 4,434	\$ 0	\$ 1,249	\$ 0	\$ 0	\$ 0	\$ 1,658
Homeland Security Grants	48,237	0	0	0	0	0	0
Other Federal through State	7,029	0	0	0	0	0	0
Direct Federal Revenue	0	0	33,396	0	0	0	0
Other Direct Federal Revenue	59,700	0	34,645	0	0	0	1,658
Total Federal Government	\$ 59,700	\$ 0	\$ 34,645	\$ 0	\$ 0	\$ 0	\$ 1,658
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355,000	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355,000	\$ 0	\$ 0
Total	\$ 4,300,178	\$ 323,479	\$ 684,543	\$ 5,748	\$ 135,927	\$ 9,279	\$ 1,527,959

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	HUD Grant	Projects		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 406,834	\$ 0	\$ 0	\$ 0	\$ 2,283,625	
Trustee's Collections - Prior Year	11,750	0	0	0	158,713	
Trustee's Collections - Bankruptcy	64	0	0	0	244	
Circuit/Clerk & Master Collections - Prior Years	23,851	0	0	0	156,801	
Interest and Penalty	2,863	0	0	0	30,149	
Payments in-Lieu-of Taxes - T.V.A.	1,319	0	0	0	9,962	
Payments in-Lieu-of Taxes - Local Utilities	179	0	0	0	2,424	
Payments in-Lieu-of Taxes - Other	389	0	0	0	2,182	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	67,641	
Litigation Tax - General	0	0	0	0	18,655	
Business Tax	0	0	0	0	67,455	
<u>Statutory/Local Taxes</u>						
Bank Excise Tax	1,439	0	0	0	8,078	
Wholesale Beer Tax	0	0	0	0	107,382	
Total Local Taxes	\$ 448,688	\$ 0	\$ 0	\$ 0	\$ 2,913,311	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 1,473	\$ 0	\$ 0	\$ 0	\$ 11,900	
<u>Permits</u>						
Beer Permits	0	0	0	0	1,045	
Other Permits	0	0	0	0	285	
Total Licenses and Permits	\$ 1,473	\$ 0	\$ 0	\$ 0	\$ 13,230	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,407	
Officers Costs	0	0	0	0	2,100	
Drug Control Fines	0	0	0	0	225	
Drug Court Fees	0	0	0	0	303	
Jail Fees	0	0	0	0	238	
DUI Treatment Fines	0	0	0	0	190	
<u>General Sessions Court</u>						
Fines	0	0	0	0	9,008	
Officers Costs	0	0	0	0	11,615	

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service		Community Development/Industrial Park	HUD Grant	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Drug Control Fines	\$	0 \$	0 \$	0 \$	0 \$	4,323
Drug Court Fees		0	0	0	0	2,830
Jail Fees		0	0	0	0	4,623
DUI Treatment Fines		0	0	0	0	2,110
Data Entry Fee - General Sessions Court		0	0	0	0	2,614
<u>Juvenile Court</u>						
Fines		0	0	0	0	95
Officers Costs		0	0	0	0	107
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court		0	0	0	0	1,540
Courtroom Security Fee		0	0	0	0	16
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	200
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	49,544
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$	0 \$	0 \$	0 \$	0 \$	649,189
Work Release Charges for Board Fees		0	0	0	0	630
Copy Fees		0	0	0	0	1,333
Library Fees		0	0	0	0	905
Telephone Commissions		0	0	0	0	20,624
Constitutional Officers' Fees and Commissions		0	0	0	0	1,652
Special Commissioner Fees/Special Master Fees		0	0	0	0	7,627
Data Processing Fee - Register		0	0	0	0	4,068
Data Processing Fee - Sheriff		0	0	0	0	50
Sexual Offender Registration Fees - Sheriff		0	0	0	0	3,000
Total Charges for Current Services	\$	0 \$	0 \$	0 \$	0 \$	689,078
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$	49,651 \$	0 \$	0 \$	0 \$	49,982
Lease/Rentals		0	0	0	0	140,000
Sale of Materials and Supplies		0	0	0	0	118
Commissary Sales		0	0	0	0	3,725

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	Community Development/Industrial Park	HUD Grant	Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Sale of Recycled Materials	0	0	0	0	13,559
Refund of Telecommunication & Internet Fees (E-Rate)	0	0	0	0	1,688
Miscellaneous Refunds	0	0	6,500	0	51,713
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	0	0	0	0	4,012
Contributions and Gifts	0	0	0	0	687
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	29
Total Other Local Revenues	\$ 49,651	\$ 0	\$ 6,500	\$ 0	\$ 265,513
<u>Fees Received from County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	0	0	0	0	100,279
Circuit Court Clerk	0	0	0	0	28,094
General Sessions Court Clerk	0	0	0	0	60,299
Clerk and Master	0	0	0	0	48,546
Juvenile Court Clerk	0	0	0	0	619
Register	0	0	0	0	43,717
Sheriff	0	0	0	0	2,198
Trustee	0	0	0	0	136,373
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420,125
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	0	0	0	0	21,375
Solid Waste Grants	0	0	0	0	8,735
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	4,800
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	71,765
<u>Public Works Grants</u>					
Litter Program	0	0	0	0	39,323
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	5,822

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	Community Development/Industrial Park	HUD Grant	Projects	Projects	
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,834
State Revenue Sharing - T.V.A.	52,382	0	0	0	0	294,029
Contracted Prisoner Boarding	0	0	0	0	0	948,540
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,511,351
Petroleum Special Tax	0	0	0	0	0	9,291
Registrar's Salary Supplement	0	0	0	0	0	11,373
Other State Grants	0	0	0	0	0	337
Other State Revenues	0	0	0	0	0	1,928
Total State of Tennessee	\$ 52,382	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,963,503
Federal Government						
Federal Through State						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,341
Homeland Security Grants	0	0	0	0	0	48,237
Other Federal through State	0	476,100	0	0	0	483,129
Direct Federal Revenue						
Other Direct Federal Revenue	0	0	0	9,340	0	42,736
Total Federal Government	\$ 0	\$ 476,100	\$ 0	\$ 9,340	\$ 0	\$ 581,443
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 968,291	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,103,791
Total Other Governments and Citizens Groups	\$ 968,291	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,103,791
Total	\$ 1,520,485	\$ 476,100	\$ 15,840	\$ 9,340	\$ 0	\$ 8,999,538

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Bledsoe County School Department
 For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds			Debt Service Fund		Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects				
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,452,755	\$ 0	\$ 0	\$ 0	\$ 75,634	\$ 0	\$ 0	\$ 1,528,389	
Trustee's Collections - Prior Year	78,038	0	0	0	4,793	0	0	82,831	
Trustee's Collections - Bankruptcy	143	0	0	0	9	0	0	152	
Circuit/Clerk & Master Collections - Prior Years	94,095	0	0	0	5,079	0	0	99,174	
Interest and Penalty	15,693	0	0	0	928	0	0	16,621	
Payments in-Lieu-of Taxes - T.V.A.	5,706	0	0	0	317	0	0	6,023	
Payments in-Lieu-of Taxes - Local Utilities	1,192	0	0	0	73	0	0	1,265	
Payments in-Lieu-of Taxes - Other	1,388	0	0	0	72	0	0	1,460	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	196,107	0	0	0	426,058	0	0	622,165	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	5,140	0	0	0	268	0	0	5,408	
Interstate Telecommunications Tax	1,965	0	0	0	0	0	0	1,965	
Total Local Taxes	\$ 1,852,222	\$ 0	\$ 0	\$ 0	\$ 513,231	\$ 0	\$ 0	\$ 2,365,453	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Marriage Licenses	798	0	0	0	0	0	0	798	
Cable TV Franchise	6,673	0	0	0	376	0	0	7,049	
Total Licenses and Permits	\$ 7,471	\$ 0	\$ 0	\$ 0	\$ 376	\$ 0	\$ 0	\$ 7,847	
<u>Charges for Current Services</u>									
<u>Education Charges</u>									
Lunch Payments - Children	0	0	0	0	0	0	0	112,514	
Lunch Payments - Adults	0	0	0	0	0	0	0	31,540	
Income from Breakfast	0	0	0	0	5,942	0	0	5,942	
A la carte Sales	0	0	0	0	109,881	0	0	109,881	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 259,877	\$ 0	\$ 0	\$ 259,877	
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	0	0	0	0	577	0	0	577	
Refund of Telecommunication & Internet Fees (E-Rate)	36,011	0	0	0	0	0	0	36,011	
Miscellaneous Refunds	1,934	0	0	0	0	0	0	1,934	

(Continued)

Bledsoe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Bledsoe County School Department (Cont.)

	General Purpose School	Special Revenue Funds		Debt Service Fund		Capital Projects Fund		Total
		School Federal Projects	Central Cafeteria	Education Debt Service	Education Capital Projects			
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items</u>								
Sale of Equipment	1,645	0	0	0	0	0	0	1,645
Damages Recovered from Individuals	2,561	0	0	0	0	0	0	2,561
Contributions and Gifts	4,350	0	0	0	0	0	0	4,350
<u>Other Local Revenues</u>								
Other Local Revenues	26,583	0	0	0	0	0	0	26,583
Total Other Local Revenues	\$ 73,084	\$ 0	\$ 577	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,661
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
On-Behalf Contributions for OPEB	64,902	0	0	0	0	0	0	64,902
<u>State Education Funds</u>								
Basic Education Program	11,031,555	0	0	0	0	0	0	11,031,555
Early Childhood Education	433,691	0	0	0	0	0	0	433,691
School Food Service	0	0	11,379	0	0	0	0	11,379
Other State Education Funds	120,540	0	0	0	0	0	0	120,540
Career Ladder Program	72,197	0	0	0	0	0	0	72,197
Career Ladder - Extended Contract	17,500	0	0	0	0	0	0	17,500
<u>Other State Revenues</u>								
State Revenue Sharing - T.V.A.	187,079	0	0	9,740	0	0	0	196,819
Other State Grants	200,645	0	0	0	0	0	0	200,645
Total State of Tennessee	\$ 12,128,109	\$ 0	\$ 11,379	\$ 9,740	\$ 0	\$ 0	\$ 0	\$ 12,149,228
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA School Lunch Program	0	0	654,588	0	0	0	0	654,588
USDA - Commodities	0	0	56,142	0	0	0	0	56,142
Breakfast	0	0	268,381	0	0	0	0	268,381
USDA - Other	0	0	59,316	0	0	0	0	59,316
Adult Education State Grant Program	49,849	0	0	0	0	0	0	49,849
Vocational Education - Basic Grants to States	12,202	35,103	0	0	0	0	0	47,305
Title I Grants to Local Education Agencies	0	612,138	0	0	0	0	0	612,138
Special Education - Grants to States	16,522	549,818	0	0	0	0	0	566,340
Special Education Preschool Grants	0	107,802	0	0	0	0	0	107,802
Rural Education	0	35,289	0	0	0	0	0	35,289
Eisenhower Professional Development State Grants	0	63,537	0	0	0	0	0	63,537

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	45,840	
Social Security		2,274	
Medical Insurance		4,024	
Employer Medicare		532	
Audit Services		3,863	
Dues and Memberships		1,350	
Legal Notices, Recording, and Court Costs		3,068	
Postal Charges		796	
Total County Commission			\$ 61,747

Board of Equalization

Board and Committee Members Fees	\$	100	
Total Board of Equalization			100

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Assistant(s)		26,460	
Secretary(ies)		21,336	
Social Security		7,170	
State Retirement		9,406	
Life Insurance		97	
Employer Medicare		1,677	
Communication		5,037	
Data Processing Services		7,723	
Dues and Memberships		2,592	
Maintenance Agreements		1,582	
Postal Charges		1,200	
Rentals		76	
Travel		3,058	
Office Supplies		3,026	
Total County Mayor/Executive			158,283

County Attorney

Legal Services	\$	14,746	
Legal Notices, Recording, and Court Costs		320	
Total County Attorney			15,066

Election Commission

County Official/Administrative Officer	\$	46,986	
Election Commission		4,250	
Election Workers		20,434	
Social Security		2,913	
State Retirement		3,922	
Life Insurance		32	
Employer Medicare		681	
Communication		789	
Legal Notices, Recording, and Court Costs		1,832	
Maintenance Agreements		1,554	
Postal Charges		852	
Rentals		44	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Travel	\$	1,779	
Other Contracted Services		1,580	
Data Processing Supplies		22,403	
Office Supplies		1,563	
Total Election Commission			\$ 111,614

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Clerical Personnel		23,200	
Social Security		4,776	
State Retirement		6,839	
Life Insurance		53	
Medical Insurance		6,521	
Employer Medicare		1,117	
Communication		1,146	
Data Processing Services		4,012	
Dues and Memberships		507	
Maintenance Agreements		366	
Postal Charges		138	
Travel		400	
Office Supplies		1,389	
Total Register of Deeds			109,203

County Buildings

Custodial Personnel	\$	19,508	
Maintenance Personnel		4,038	
Social Security		1,423	
State Retirement		1,628	
Life Insurance		32	
Employer Medicare		333	
Maintenance and Repair Services - Buildings		7,843	
Other Contracted Services		4,489	
Custodial Supplies		4,215	
Electricity		29,440	
Water and Sewer		5,119	
Other Supplies and Materials		355	
Total County Buildings			78,423

Other General Administration

Guards	\$	5,016	
Unemployment Compensation		4,513	
Other Contracted Services		11,450	
Office Supplies		763	
Other Supplies and Materials		775	
Building and Contents Insurance		61,558	
Refunds		305	
Trustee's Commission		43,811	
Workers' Compensation Insurance		44,656	
Liability Claims		500	
Fines, Assessments, and Penalties		50,988	
Other Charges		5,292	
Total Other General Administration			229,627

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		22,925	
Clerical Personnel		14,783	
In-Service Training		155	
Social Security		5,979	
State Retirement		8,046	
Life Insurance		51	
Employer Medicare		1,398	
Communication		1,273	
Contracts with Government Agencies		3,594	
Data Processing Services		2,769	
Dues and Memberships		639	
Maintenance Agreements		423	
Postal Charges		516	
Travel		2,212	
Other Contracted Services		2,097	
Office Supplies		945	
Other Supplies and Materials		327	
Total Property Assessor's Office	\$		126,871

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		15,451	
Social Security		4,600	
State Retirement		5,309	
Life Insurance		40	
Employer Medicare		1,076	
Communication		1,506	
Data Processing Services		16,462	
Dues and Memberships		517	
Legal Notices, Recording, and Court Costs		256	
Postal Charges		610	
Printing, Stationery, and Forms		370	
Travel		597	
Data Processing Supplies		4,001	
Office Supplies		1,495	
Total County Trustee's Office			111,029

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		29,445	
Social Security		5,391	
State Retirement		7,360	
Life Insurance		53	
Employer Medicare		1,261	
Communication		1,414	
Dues and Memberships		427	
Maintenance Agreements		233	
Postal Charges		1,491	
Rentals		44	
Office Supplies		1,680	
Total County Clerk's Office			107,538

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		15,865	
Accountants/Bookkeepers		21,357	
Clerical Personnel		18,288	
Jury and Witness Expense		11,712	
Social Security		7,047	
State Retirement		9,025	
Life Insurance		116	
Employer Medicare		1,648	
Communication		3,848	
Data Processing Services		7,779	
Maintenance Agreements		392	
Postal Charges		1,590	
Rentals		44	
Office Supplies		10,787	
Total Circuit Court			\$ 168,237

General Sessions Court

Judge(s)	\$	94,366	
Social Security		5,851	
State Retirement		7,876	
Employer Medicare		1,368	
Total General Sessions Court			109,461

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		29,445	
Secretary(ies)		7,092	
Social Security		5,699	
State Retirement		7,360	
Life Insurance		65	
Medical Insurance		2,129	
Employer Medicare		1,333	
Communication		1,759	
Data Processing Services		1,373	
Dues and Memberships		407	
Maintenance Agreements		366	
Postal Charges		3,185	
Rentals		76	
Travel		269	
Data Processing Supplies		130	
Office Supplies		2,780	
Total Chancery Court			122,207

Juvenile Court

Social Workers	\$	25,550	
Other Salaries and Wages		2,249	
In-Service Training		1,252	
Social Security		1,676	
State Retirement		2,283	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Life Insurance	\$	32	
Employer Medicare		392	
Communication		757	
Maintenance Agreements		524	
Travel		1,583	
Office Supplies		900	
Other Supplies and Materials		3,124	
Other Charges		2,195	
Total Juvenile Court	\$		42,517

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,613	
Assistant(s)		743	
Deputy(ies)		283,718	
Youth Service Officer(s)		67,607	
Salary Supplements		4,800	
Overtime Pay		41,211	
In-Service Training		11,935	
Social Security		28,571	
State Retirement		35,873	
Life Insurance		238	
Employer Medicare		6,682	
Communication		2,395	
Dues and Memberships		1,500	
Maintenance Agreements		3,002	
Maintenance and Repair Services - Equipment		8,037	
Maintenance and Repair Services - Vehicles		30,128	
Medical and Dental Services		360	
Postal Charges		1,000	
Towing Services		1,975	
Travel		1,566	
Gasoline		64,895	
Office Supplies		2,955	
Uniforms		1,827	
Other Supplies and Materials		942	
Law Enforcement Equipment		7,810	
Motor Vehicles		68,145	
Total Sheriff's Department			742,528

Jail

Supervisor/Director	\$	31,500	
Guards		344,352	
Cafeteria Personnel		26,000	
Part-time Personnel		138,458	
Overtime Pay		33,250	
In-Service Training		1,478	
Social Security		35,476	
State Retirement		28,595	
Life Insurance		328	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Employer Medicare	\$	8,297	
Communication		10,869	
Medical and Dental Services		98,908	
Postal Charges		2,250	
Travel		271	
Other Contracted Services		26,851	
Custodial Supplies		13,088	
Drugs and Medical Supplies		3,287	
Electricity		56,944	
Equipment and Machinery Parts		1,906	
Food Supplies		124,262	
Natural Gas		21,529	
Office Supplies		2,647	
Prisoners Clothing		2,952	
Uniforms		1,171	
Water and Sewer		18,404	
Other Supplies and Materials		13,100	
Total Jail			\$ 1,046,173

Fire Prevention and Control

Contributions	\$	54,239	
Other Charges		500	
Total Fire Prevention and Control			54,739

Civil Defense

Communication	\$	2,058	
Dues and Memberships		50	
Licenses		710	
Maintenance and Repair Services - Equipment		2,230	
Maintenance and Repair Services - Vehicles		1,735	
Diesel Fuel		1,874	
Office Supplies		1,748	
Other Supplies and Materials		53,114	
Other Charges		31,568	
Total Civil Defense			95,087

Rescue Squad

Contributions	\$	18,000	
Total Rescue Squad			18,000

County Coroner/Medical Examiner

Medical and Dental Services	\$	16,220	
Total County Coroner/Medical Examiner			16,220

Public Health and Welfare

Local Health Center

Secretary(ies)	\$	5,600	
Custodial Personnel		3,915	
Other Salaries and Wages		74,169	
Social Security		4,672	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Employer Medicare	\$	1,093	
Communication		3,668	
Dues and Memberships		492	
Maintenance and Repair Services - Buildings		3,004	
Travel		728	
Other Contracted Services		1,950	
Electricity		11,457	
Office Supplies		38	
Utilities		1,734	
Total Local Health Center			\$ 112,520

Nursing Home

Transfers to Other Funds	\$	45,000	
Total Nursing Home			45,000

General Welfare Assistance

Contributions	\$	4,479	
Other Supplies and Materials		20	
Total General Welfare Assistance			4,499

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	4,000	
Total Senior Citizens Assistance			4,000

Libraries

Assistant(s)	\$	15,600	
Librarians		29,905	
Social Security		2,608	
State Retirement		3,798	
Medical Insurance		6,230	
Employer Medicare		610	
Communication		2,020	
Dues and Memberships		45	
Maintenance and Repair Services - Buildings		285	
Postal Charges		1,044	
Travel		700	
Other Contracted Services		3,824	
Data Processing Supplies		1,399	
Electricity		2,382	
Library Books/Media		2,418	
Water and Sewer		2,230	
Other Supplies and Materials		1,302	
Other Charges		6,300	
Total Libraries			82,700

Parks and Fair Boards

Contributions	\$	3,500	
Electricity		3,441	
Total Parks and Fair Boards			6,941

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	42,463	
Social Security		2,633	
State Retirement		6,331	
Unemployment Compensation		54	
Employer Medicare		616	
Communication		3,229	
Dues and Memberships		265	
Transportation - Other than Students		4,500	
Other Supplies and Materials		4,255	
Total Agriculture Extension Service			\$ 64,346

Soil Conservation

Contributions	\$	5,000	
Total Soil Conservation			5,000

Other Operations

Other Economic and Community Development

Contracts with Other Public Agencies	\$	1,450	
Total Other Economic and Community Development			1,450

Veterans' Services

Assistant(s)	\$	3,564	
Supervisor/Director		4,480	
Social Security		499	
Employer Medicare		117	
Communication		2,136	
Maintenance Agreements		399	
Maintenance and Repair Services - Buildings		1,730	
Postal Charges		150	
Travel		1,445	
Data Processing Supplies		995	
Electricity		2,181	
Office Supplies		7,106	
Water and Sewer		2,921	
Total Veterans' Services			27,723

Contributions to Other Agencies

Contributions	\$	5,775	
Total Contributions to Other Agencies			5,775

Total General Fund \$ 3,884,624

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	27,349	
Other Salaries and Wages		60,604	
Social Security		3,757	
State Retirement		3,262	
Life Insurance		43	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Employer Medicare	\$	879	
Communication		1,406	
Maintenance and Repair Services - Buildings		245	
Other Contracted Services		57,549	
Diesel Fuel		30,819	
Electricity		2,471	
Equipment and Machinery Parts		11,692	
Water and Sewer		844	
Other Supplies and Materials		658	
Building and Contents Insurance		5,000	
Refunds		37	
Trustee's Commission		4,840	
Vehicle and Equipment Insurance		2,500	
Workers' Compensation Insurance		4,675	
Solid Waste Equipment		7,000	
Total Convenience Centers			\$ 225,630

Landfill Operation and Maintenance

Contracts for Landfill Facilities	\$	18,453	
Total Landfill Operation and Maintenance			18,453

Highways

Litter and Trash Collection

Education Media Personnel	\$	5,693	
Clerical Personnel		4,700	
Other Salaries and Wages		21,169	
Social Security		1,604	
State Retirement		1,071	
Life Insurance		58	
Employer Medicare		375	
Other Supplies and Materials		5,384	
Total Litter and Trash Collection			40,054

Total Solid Waste/Sanitation Fund \$ 284,137

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$	326,952	
Part-time Personnel		28,357	
Overtime Pay		78,666	
In-Service Training		4,558	
Social Security		32,430	
State Retirement		15,024	
Life Insurance		278	
Medical Insurance		67,074	
Unemployment Compensation		1,130	
Communication		3,538	
Consultants		3,000	
Dues and Memberships		355	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Licenses	\$	532	
Maintenance and Repair Services - Buildings		5,936	
Maintenance and Repair Services - Equipment		10,490	
Maintenance and Repair Services - Vehicles		12,985	
Medical and Dental Services		437	
Postal Charges		265	
Travel		1,151	
Other Contracted Services		4,431	
Data Processing Supplies		872	
Drugs and Medical Supplies		23,802	
Electricity		5,643	
Gasoline		33,073	
Office Supplies		3,049	
Tires and Tubes		2,465	
Uniforms		6,092	
Water and Sewer		854	
Other Supplies and Materials		3,285	
Refunds		598	
Vehicle and Equipment Insurance		8,000	
Workers' Compensation Insurance		30,000	
Other Charges		32,576	
Communication Equipment		1,838	
Total Ambulance/Emergency Medical Services		<u>749,736</u>	\$ 749,736

Total Ambulance Service Fund \$ 749,736

Drug Control Fund

Public Safety

Drug Enforcement

Trustee's Commission	\$	46	
Total Drug Enforcement		<u>46</u>	\$ 46

Total Drug Control Fund 46

Other Special Revenue Fund

Public Safety

Other Public Safety

Supervisor/Director	\$	31,489	
Dispatchers/Radio Operators		84,505	
Overtime Pay		17,083	
In-Service Training		1,760	
Social Security		9,836	
State Retirement		10,841	
Life Insurance		98	
Medical Insurance		6,822	
Communication		5,783	
Dues and Memberships		234	
Postal Charges		135	
Travel		2,635	
Other Contracted Services		5,829	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Other Special Revenue Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Electricity	\$	5,906	
Office Supplies		2,942	
Water and Sewer		1,033	
Building and Contents Insurance		5,000	
Workers' Compensation Insurance		6,000	
Other Charges		1,776	
Total Other Public Safety			\$ 199,707

Total Other Special Revenue Fund \$ 199,707

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	19	
Total County Clerk's Office			\$ 19

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	287	
Total Circuit Court			287

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	7,627	
Constitutional Officers' Operating Expenses		1,346	
Total Chancery Court			8,973

Total Constitutional Officers - Fees Fund 9,279

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Data Processing Personnel		24,431	
Secretary(ies)		18,566	
Communication		6,697	
Data Processing Services		4,528	
Dues and Memberships		2,499	
Legal Notices, Recording, and Court Costs		816	
Maintenance and Repair Services - Office Equipment		188	
Postal Charges		363	
Travel		2,114	
Other Contracted Services		2,255	
Data Processing Supplies		264	
Electricity		6,415	
Office Supplies		700	
Propane Gas		2,729	
Water and Sewer		2,207	
Other Supplies and Materials		1,540	
Other Charges		3,137	
Total Administration			\$ 144,062

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	32,537	
Equipment Operators		88,024	
Truck Drivers		71,133	
Laborers		164,731	
Overtime Pay		11,454	
Freight Expenses		399	
Other Contracted Services		3,940	
Asphalt		30,517	
Concrete		2,799	
Crushed Stone		239,918	
Ice		694	
Other Road Supplies		84	
Pipe - Metal		46,105	
Propane Gas		221	
Road Signs		4,521	
Wood Products		390	
Other Supplies and Materials		2,194	
Other Charges		705	
Total Highway and Bridge Maintenance			\$ 700,366

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,405	
Nightwatchmen		38,850	
Overtime Pay		834	
Freight Expenses		2,916	
Maintenance and Repair Services - Equipment		7,146	
Maintenance and Repair Services - Vehicles		1,657	
Other Contracted Services		1,325	
Diesel Fuel		93,369	
Equipment and Machinery Parts		67,645	
Garage Supplies		4,758	
Gasoline		28,486	
Lubricants		9,144	
Small Tools		613	
Tires and Tubes		24,262	
Other Supplies and Materials		1,253	
Other Charges		46	
Total Operation and Maintenance of Equipment			315,709

Quarry Operations

Other Charges	\$	3,142	
Total Quarry Operations			3,142

Other Charges

Other Contracted Services	\$	41	
Building and Contents Insurance		1,985	
Liability Insurance		9,148	
Trustee's Commission		15,186	
Vehicle and Equipment Insurance		8,976	
Workers' Compensation Insurance		47,866	

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
 Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Principal on Notes	\$ 18,000	
Interest on Notes	2,659	
Total Other Charges	\$ 103,861	

Employee Benefits

Social Security	\$ 40,840	
State Retirement	35,774	
Employee and Dependent Insurance	209,173	
Unemployment Compensation	5,640	
Total Employee Benefits	291,427	

Capital Outlay

Engineering Services	\$ 4,742	
State Aid Projects	115,462	
Other Capital Outlay	3,250	
Total Capital Outlay	123,454	

Total Highway/Public Works Fund \$ 1,682,021

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 150,000	
Principal on Other Loans	29,963	
Total General Government	\$ 179,963	

Education

Principal on Bonds	\$ 580,000	
Principal on Notes	29,273	
Principal on Other Loans	71,424	
Total Education	680,697	

Interest on Debt

General Government

Interest on Bonds	\$ 347,500	
Interest on Other Loans	7,802	
Total General Government	355,302	

Education

Interest on Bonds	\$ 236,117	
Interest on Notes	16,477	
Total Education	252,594	

Other Debt Service

General Government

Fiscal Agent Charges	\$ 682	
Refunds	36	
Trustee's Commission	9,302	
Total General Government	10,020	

Total General Debt Service Fund 1,478,576

(Continued)

Exhibit J-7

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>General Capital Projects Fund</u>			
<u>General Government</u>			
<u>County Buildings</u>			
Maintenance and Repair Services - Buildings	\$	5,500	
Equipment and Machinery Parts		<u>4,490</u>	
Total County Buildings			\$ 9,990
<u>Other Operations</u>			
<u>Veterans' Services</u>			
Other Contracted Services	\$	<u>3,500</u>	
Total Veterans' Services			<u>3,500</u>
Total General Capital Projects Fund			\$ 13,490
<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Other Economic and Community Development</u>			
Other Contracted Services	\$	125,652	
Other Charges		<u>14,000</u>	
Total Other Economic and Community Development			\$ 139,652
<u>Capital Projects</u>			
<u>Public Utility Projects</u>			
Engineering Services	\$	40,600	
Other Contracted Services		282,848	
Other Charges		<u>13,000</u>	
Total Public Utility Projects			<u>336,448</u>
Total Community Development/Industrial Park Fund			476,100
<u>HUD Grant Projects Fund</u>			
<u>Other Operations</u>			
<u>Industrial Development</u>			
Other Charges	\$	<u>9,340</u>	
Total Industrial Development			\$ 9,340
<u>Other Economic and Community Development</u>			
Other Contracted Services	\$	<u>6,500</u>	
Total Other Economic and Community Development			<u>6,500</u>
Total HUD Grant Projects Fund			15,840
<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	89,281	
Other Debt Issuance Charges		<u>113,150</u>	
Total Education			\$ 202,431
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Other Debt Service	\$	<u>3,951,637</u>	
Total Capital Projects Donated to School Department			<u>3,951,637</u>
Total Education Capital Projects Fund			<u>4,154,068</u>
Total Governmental Funds - Primary Government			<u>\$ 12,947,624</u>

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,844,796	
Career Ladder Program		37,600	
Career Ladder Extended Contracts		9,438	
Homebound Teachers		5,556	
Educational Assistants		242,770	
Certified Substitute Teachers		18,615	
Non-certified Substitute Teachers		92,761	
Social Security		245,982	
State Retirement		363,269	
Life Insurance		309	
Medical Insurance		469,450	
Employer Medicare		58,102	
Instructional Supplies and Materials		71,024	
Textbooks		273,598	
Regular Instruction Equipment		88,236	
Total Regular Instruction Program			\$ 5,821,506

Alternative Instruction Program

Teachers	\$	40,255	
Career Ladder Program		1,000	
Social Security		2,350	
State Retirement		3,663	
Medical Insurance		4,213	
Employer Medicare		550	
Total Alternative Instruction Program			52,031

Special Education Program

Teachers	\$	785,055	
Career Ladder Program		5,000	
Homebound Teachers		4,250	
Educational Assistants		211,185	
Speech Pathologist		99,470	
Other Salaries and Wages		7,290	
Social Security		62,239	
State Retirement		92,394	
Medical Insurance		156,799	
Employer Medicare		14,933	
Maintenance and Repair Services - Equipment		4,035	
Other Contracted Services		8,562	
Instructional Supplies and Materials		17,392	
Other Supplies and Materials		2,936	
Special Education Equipment		17,765	
Total Special Education Program			1,489,305

Vocational Education Program

Teachers	\$	252,765	
Career Ladder Program		3,000	
Non-certified Substitute Teachers		3,658	
Social Security		15,547	

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

State Retirement	\$	22,712	
Medical Insurance		20,053	
Employer Medicare		3,636	
Other Contracted Services		1,625	
Instructional Supplies and Materials		8,897	
Total Vocational Education Program			\$ 331,893

Adult Education Program

Teachers	\$	17,945	
Other Salaries and Wages		8,046	
Social Security		1,225	
State Retirement		1,389	
Employer Medicare		306	
Other Contracted Services		914	
Instructional Supplies and Materials		785	
Other Supplies and Materials		217	
Total Adult Education Program			30,827

Support Services

Attendance

Supervisor/Director	\$	34,468	
Career Ladder Program		1,000	
Other Salaries and Wages		17,580	
Social Security		3,236	
State Retirement		4,614	
Employer Medicare		757	
Travel		3,020	
Other Contracted Services		4,941	
Other Supplies and Materials		3,204	
In Service/Staff Development		630	
Attendance Equipment		1,332	
Total Attendance			74,782

Health Services

Medical Personnel	\$	157,979	
Social Security		9,216	
State Retirement		9,274	
Medical Insurance		17,975	
Employer Medicare		2,155	
Postal Charges		200	
Travel		6,104	
Other Supplies and Materials		15,322	
In Service/Staff Development		30	
Health Equipment		2,949	
Total Health Services			221,204

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		112,549	

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Psychological Personnel	\$	47,295	
Social Security		9,001	
State Retirement		14,317	
Medical Insurance		23,863	
Employer Medicare		2,105	
Evaluation and Testing		6,853	
Other Contracted Services		40,196	
Other Supplies and Materials		4,866	
Other Charges		1,199	
Total Other Student Support			\$ 263,744

Regular Instruction Program

Supervisor/Director	\$	77,697	
Career Ladder Program		5,000	
Librarians		137,341	
Instructional Computer Personnel		61,245	
Other Salaries and Wages		53,587	
Social Security		19,884	
State Retirement		29,442	
Medical Insurance		30,542	
Employer Medicare		4,650	
Maintenance and Repair Services - Equipment		2,332	
Travel		12,002	
Library Books/Media		6,363	
Other Supplies and Materials		153	
In Service/Staff Development		7,938	
Total Regular Instruction Program			448,176

Special Education Program

Supervisor/Director	\$	67,515	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		3,500	
Secretary(ies)		29,478	
Social Security		6,170	
State Retirement		8,939	
Medical Insurance		9,133	
Employer Medicare		1,443	
Communication		4,058	
Postal Charges		400	
Travel		7,415	
Other Supplies and Materials		4,855	
In Service/Staff Development		1,700	
Total Special Education Program			146,606

Vocational Education Program

Travel	\$	149	
Total Vocational Education Program			149

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	54,367	
Career Ladder Program		1,000	
Social Security		3,382	
State Retirement		4,998	
Medical Insurance		3,833	
Employer Medicare		791	
Travel		961	
In Service/Staff Development		4,099	
Other Equipment		1,536	
Total Adult Programs			\$ 74,967

Other Programs

On-Behalf Payments to OPEB	\$	64,902	
Total Other Programs			64,902

Board of Education

Board and Committee Members Fees	\$	24,025	
Social Security		1,490	
Unemployment Compensation		26,517	
Employer Medicare		348	
Audit Services		5,500	
Dues and Memberships		6,771	
Legal Services		19,499	
Travel		4,732	
Other Contracted Services		2,120	
Other Supplies and Materials		40	
Liability Insurance		73,324	
Trustee's Commission		55,225	
Workers' Compensation Insurance		66,900	
Other Charges		4,045	
Total Board of Education			290,536

Director of Schools

County Official/Administrative Officer	\$	83,460	
Career Ladder Program		1,000	
Social Security		5,547	
State Retirement		7,944	
Medical Insurance		22,613	
Employer Medicare		1,297	
Other Fringe Benefits		1,051	
Communication		88,944	
Dues and Memberships		1,837	
Maintenance and Repair Services - Equipment		387	
Postal Charges		1,632	
Travel		8,531	
Office Supplies		20	
In Service/Staff Development		385	
Other Charges		866	
Administration Equipment		1,688	
Total Director of Schools			227,202

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	350,757	
Career Ladder Program		3,500	
Career Ladder Extended Contracts		3,500	
Assistant Principals		62,556	
Secretary(ies)		123,691	
Social Security		32,093	
State Retirement		47,600	
Medical Insurance		45,860	
Employer Medicare		7,506	
Communication		2,300	
Administration Equipment		1,295	
Total Office of the Principal	\$		680,658

Fiscal Services

Supervisor/Director	\$	55,521	
Accountants/Bookkeepers		73,790	
Other Salaries and Wages		11,537	
Social Security		7,777	
State Retirement		12,069	
Medical Insurance		19,130	
Employer Medicare		1,819	
Data Processing Services		9,480	
Travel		1,140	
Office Supplies		1,613	
In Service/Staff Development		230	
Total Fiscal Services			194,106

Operation of Plant

Supervisor/Director	\$	34,670	
Custodial Personnel		313,106	
Social Security		20,401	
State Retirement		28,069	
Medical Insurance		36,577	
Employer Medicare		4,771	
Rentals		29,800	
Other Contracted Services		43,076	
Custodial Supplies		85,199	
Electricity		342,129	
Natural Gas		35,248	
Water and Sewer		37,269	
Other Supplies and Materials		1,074	
Plant Operation Equipment		5,514	
Total Operation of Plant			1,016,903

Maintenance of Plant

Supervisor/Director	\$	34,469	
Maintenance Personnel		72,040	
Social Security		6,242	
State Retirement		9,062	

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Medical Insurance	\$	9,720	
Employer Medicare		1,460	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		69,560	
Maintenance and Repair Services - Equipment		9,073	
Travel		1,891	
Other Contracted Services		726	
Other Supplies and Materials		26,453	
Total Maintenance of Plant			\$ 240,846

Transportation

Supervisor/Director	\$	29,818	
Mechanic(s)		54,780	
Bus Drivers		378,535	
Other Salaries and Wages		21,836	
Social Security		28,505	
State Retirement		38,253	
Medical Insurance		20,842	
Employer Medicare		6,913	
Maintenance and Repair Services - Vehicles		20,680	
Medical and Dental Services		4,648	
Travel		1,113	
Other Contracted Services		6,507	
Diesel Fuel		167,238	
Gasoline		10,996	
Tires and Tubes		15,675	
Vehicle Parts		32,944	
Other Supplies and Materials		13,661	
Transportation Equipment		112,372	
Total Transportation			965,316

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	4,136	
Social Security		250	
Employer Medicare		60	
Other Charges		605	
Total Food Service			5,051

Community Services

Clerical Personnel	\$	24,625	
Educational Assistants		18,861	
Other Salaries and Wages		132,929	
Social Security		9,642	
State Retirement		14,121	
Medical Insurance		14,099	
Employer Medicare		2,258	
Communication		2,644	
Postal Charges		100	

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Travel	\$	21,136	
Instructional Supplies and Materials		17,350	
Other Supplies and Materials		18,125	
Other Equipment		3,516	
Total Community Services			\$ 279,406

Early Childhood Education

Teachers	\$	154,933	
Career Ladder Program		1,000	
Bus Drivers		19,045	
Educational Assistants		87,010	
Other Salaries and Wages		23,369	
Non-certified Substitute Teachers		546	
Social Security		16,746	
State Retirement		23,723	
Medical Insurance		31,940	
Employer Medicare		3,921	
Communication		3,375	
Travel		8,021	
Instructional Supplies and Materials		35,267	
In Service/Staff Development		5,440	
Special Education Equipment		567	
Other Capital Outlay		7,533	
Total Early Childhood Education			422,436

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	36,600	
Total Regular Capital Outlay			36,600

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	100,697	
Total Education			100,697

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	16,477	
Total Education			16,477

Total General Purpose School Fund \$ 13,496,326

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	220,990	
Educational Assistants		61,882	
Non-certified Substitute Teachers		8,992	
Social Security		17,091	

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	24,779	
Medical Insurance		28,551	
Employer Medicare		4,006	
Instructional Supplies and Materials		34,326	
Other Supplies and Materials		496	
Regular Instruction Equipment		112,052	
Total Regular Instruction Program			\$ 513,165

Special Education Program

Educational Assistants	\$	328,491	
Non-certified Substitute Teachers		27,837	
Social Security		21,106	
State Retirement		26,374	
Medical Insurance		17,311	
Employer Medicare		4,996	
Instructional Supplies and Materials		40,627	
Special Education Equipment		52,011	
Total Special Education Program			518,753

Vocational Education Program

Instructional Supplies and Materials	\$	500	
Vocational Instruction Equipment		22,965	
Total Vocational Education Program			23,465

Support Services

Other Student Support

Evaluation and Testing	\$	19,020	
Travel		9,387	
Other Charges		527	
Total Other Student Support			28,934

Regular Instruction Program

Supervisor/Director	\$	52,566	
Clerical Personnel		13,236	
Other Salaries and Wages		158,454	
In-Service Training		18,315	
Non-certified Substitute Teachers		330	
Social Security		13,298	
State Retirement		21,008	
Medical Insurance		30,757	
Employer Medicare		3,114	
Consultants		500	
Maintenance and Repair Services - Equipment		496	
Travel		259,475	
Other Contracted Services		353,647	
Other Supplies and Materials		21,318	
In Service/Staff Development		11,358	
Other Charges		4,382	
Other Equipment		4,517	
Total Regular Instruction Program			966,771

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	42,803	
Social Security		2,568	
State Retirement		3,801	
Medical Insurance		4,590	
Employer Medicare		600	
Travel		7,087	
Other Contracted Services		46,275	
In Service/Staff Development		13,524	
Total Special Education Program			\$ 121,248

Vocational Education Program

Travel	\$	1,450	
Other Supplies and Materials		274	
Total Vocational Education Program			1,724

Transportation

Contracts with Parents	\$	8,843	
Total Transportation			8,843

Total School Federal Projects Fund \$ 2,182,903

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	33,200	
Cafeteria Personnel		345,739	
Other Salaries and Wages		19,752	
Social Security		23,805	
State Retirement		29,722	
Medical Insurance		26,013	
Unemployment Compensation		1,000	
Employer Medicare		5,573	
Communication		2,345	
Maintenance and Repair Services - Equipment		19,355	
Travel		8,468	
Other Contracted Services		12,401	
Food Preparation Supplies		65,994	
Food Supplies		671,954	
Office Supplies		5,144	
Uniforms		530	
USDA - Commodities		56,142	
Other Supplies and Materials		386	
In Service/Staff Development		8,090	
Other Charges		6,647	
Food Service Equipment		32,838	
Total Food Service			\$ 1,375,098

Total Central Cafeteria Fund 1,375,098

(Continued)

Exhibit J-8

Bledsoe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bledsoe County School Department (Cont.)

<u>Education Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>Education</u>			
Debt Service Contribution to Primary Government	\$	580,000	
Total Education			\$ 580,000
<u>Interest on Debt</u>			
<u>Education</u>			
Debt Service Contribution to Primary Government	\$	236,117	
Total Education			236,117
<u>Other Debt Service</u>			
<u>Education</u>			
Fiscal Agent Charges	\$	1,135	
Trustee's Commission		6,064	
Debt Service Contribution to Primary Government		35,000	
Total Education			42,199
Total Education Debt Service Fund			\$ 858,316
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	44,000	
Other Contracted Services		4,200	
Total Education Capital Projects			\$ 48,200
Total Education Capital Projects Fund			48,200
Total Governmental Funds - Bledsoe County School Department			<u>\$ 17,960,843</u>

Exhibit J-9

Bledsoe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 192,121</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 190,265
Trustee's Commission	<u>1,856</u>
Total Cash Disbursements	<u>\$ 192,121</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Bledsoe County Mayor and
Board of County Commissioners
Bledsoe County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements, and have issued our report thereon dated February 12, 2014. Our report includes a reference to other auditors who audited the financial statements of the Bledsoe County Nursing Home and the Bledsoe Emergency Communications District, as described in our report on Bledsoe County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bledsoe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bledsoe County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-001, 2013-006, and 2013-009.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-004, 2013-007, and 2013-010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bledsoe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-002, 2013-003, 2013-005, and 2013-008.

Bledsoe County's Responses to Findings

Bledsoe County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Bledsoe County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering

Bledsoe County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2014

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Bledsoe County Mayor and
Board of County Commissioners
Bledsoe County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Bledsoe County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bledsoe County's major federal programs for the year ended

June 30, 2013. Bledsoe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bledsoe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bledsoe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bledsoe County's compliance.

Opinion on Each Major Federal Program

In our opinion, Bledsoe County's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Bledsoe County's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bledsoe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bledsoe County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bledsoe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bledsoe County's basic financial statements. We issued our report thereon dated February 12, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 12, 2014

JPW/yu

Bledsoe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities Loan and Grants	10.766	N/A	\$ 33,396 (3)
Rural Business Enterprise Grants	10.769	HM-08-03	9,340
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	56,142 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	268,381
National School Lunch Program	10.555	N/A	664,854 (4)
Fresh Fruit and Vegetable Program	10.582	N/A	49,050
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	71,934
Passed-through State Department of Economic and Community Development:			
Community Facilities Loan and Grants	10.766	N/A	2,029 (3)
Total U.S. Department of Agriculture			<u>\$ 1,155,126</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	GG-10-31352-00	\$ 476,100
Total U.S. Department of Housing and Urban Development			<u>\$ 476,100</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 5,500
Total U.S. Department of Justice			<u>\$ 5,500</u>
U.S. Department of Transportation:			
Passed-through Governor's Highway Safety Office:			
State and Community Highway Safety	20.600	Z14GHS031	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 49,849
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	12,202
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	612,138
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	563,065
Special Education - Preschool Grants	84.173	N/A	109,946
Career and Technical Education - Basic Grants to States	84.048	N/A	35,103
Rural Education	84.358	N/A	35,289
Improving Teacher Quality State Grants	84.367	N/A	63,537
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	130,610
Passed-through Tennessee Center for Civic Learning and Engagement:			
Funds for the Improvement of Education-Appalachia Corridor Teaching American History Program	84.215	N/A	674,454
Total U.S. Department of Education			<u>\$ 2,286,193</u>

(Continued)

Bledsoe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 7,678
Homeland Security Grant Program	97.067	N/A	<u>48,237</u>
Total U.S. Department of Homeland Security			<u>\$ 55,915</u>
Total Expenditures of Federal Awards			<u>\$ 3,983,834</u>
 <u>State Grants</u>			
		<u>Contract Number</u>	
Adult Basic Education - State Department of Education	N/A	(2)	\$ 16,616
Litter Program - State Department of Transportation	N/A	(2)	39,323
Early Childhood Education - State Department of Education	N/A	(2)	433,691
Internet Connectivity - State Department of Education	N/A	(2)	5,988
Family Resource Center - State Department of Education	N/A	(2)	29,612
Statewide Student Management System - State Department of Education	N/A	(2)	4,941
Safe Schools - State Department of Education	N/A	(2)	12,200
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	171,829
Coordinated School Health - State Department of Education	N/A	(2)	80,000
Youth Services Program - State Commission on Children and Youth	N/A	GG-10-29768	21,375
Local Health Services - State Department of Health	N/A	GG1132230	71,765
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	<u>8,735</u>
Total State Grants			<u>\$ 896,075</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.766 is \$35,425.
- (4) Total for CFDA No. 10.555 is \$720,996.

Bledsoe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Bledsoe County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	155	The Ambulance Service Fund required material audit adjustments for proper financial statement presentation

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	157	The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03	157	The office had deficiencies in computer system backup procedures

BLEDSON COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	161	Bledsoe County has a material recurring audit finding

AMBULANCE SERVICE AND OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF

Finding Number	Page Number	Subject
12.08	162	Duties were not segregated adequately

BLEDSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Bledsoe County is unmodified.
2. The audit of the financial statements of Bledsoe County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Bledsoe County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grants/State's Program and Non-Entitlement Grants (CFDA No. 14.228); Title I Grants to Local Educational Agencies (CFDA No. 84.010); State Fiscal Stabilization Funds (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Bledsoe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001

THE AMBULANCE SERVICE FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances in the Ambulance Service Fund were not materially correct, and audit adjustments totaling \$107,700 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Bledsoe County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency can be attributed to the failure of management to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Bledsoe County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The finance director will check the balances for all funds to make sure revenues are posted to the correct fund and correct revenue code. Any errors discovered will be corrected prior to fiscal year end.

FINDING 2013-002

FUNDS WERE TRANSFERRED FROM THE GENERAL FUND TO THE OTHER SPECIAL REVENUE FUND WITHOUT COUNTY COMMISSION APPROVAL

(Noncompliance Under *Government Auditing Standards*)

The General Fund transferred \$50,000 to the Other Special Revenue Fund without the approval of the County Commission. Section 5-9-401, *Tennessee Code Annotated*, provides that “all funds from whatever source derived, including, but not limited to, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These funds were transferred by management to prevent a fund deficit and provide funding for the 2013-14 budget year.

RECOMMENDATION

All transfers between funds should be approved by the County Commission.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

The County Commission approved the transfer from the General Fund to the Other Special Revenue Fund after the 2013-14 budget was passed.

AUDITOR’S COMMENT

The transfer from the General Fund to the Other Special Revenue Fund was not documented in the County Commission’s minutes as being approved by the County Commission.

FINDING 2013-003

THE AMBULANCE SERVICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES

(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management’s failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper backup procedures were implemented in May 2013, when we brought this deficiency to management’s attention.

RECOMMENDATION

Management should ensure computer system backups are rotated off-site weekly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with the finding, and proper procedures have been put in place to correct this finding.

FINDING 2013-004

THE AMBULANCE SERVICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. The vulnerabilities noted were corrected in May 2013, when we brought this deficiency to management's attention.

RECOMMENDATION

Management should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with the finding, and proper procedures have been put in place to correct this finding.

FINDING 2013-005

A CASH SHORTAGE OF AT LEAST \$2,568 EXISTED IN THE BLEDSOE COUNTY AMBULANCE SERVICE AS OF APRIL 30, 2013

(Noncompliance Under *Government Auditing Standards*)

On October 7, 2013, our office issued a special report on the Bledsoe County Ambulance Service for the period November 1, 2011, through April 30, 2013. This report disclosed that the former emergency management services director purchased controlled substances for which its usage is unaccounted, resulting in a cash shortage of at least \$2,568. This report is available at www.comptroller.tn.gov. The former emergency management services director was indicted October 1, 2013.

OFFICE OF ROAD SUPERINTENDENT

FINDING 2013-006

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Audit adjustments totaling \$484,985 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the Highway Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The Highway Department should have appropriate processes in place to ensure that its general ledgers are materially correct.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-007

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT AT JUNE 30, 2013

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2013, the School Federal Projects Fund had a cash overdraft of \$12,703. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

Officials should not issue warrants in excess of cash on deposit with the county trustee.

FINDING 2013-008

THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES

(Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. This deficiency was corrected in December 2013, when the office implemented a remote off-site backup service.

RECOMMENDATION

Management should ensure backups are stored off-site weekly.

BLEDSON COUNTY

FINDING 2013-009

BLEDSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Bledson County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. The recurring material finding is listed below.

<u>Finding Numbers</u>	<u>Description</u>
2013-001, 12.01, 11.03	The Ambulance Service Fund required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Bledson County appointed an Audit Committee on July 29, 2013, to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Bledson County should work with its Audit Committee to correct the above-noted material weakness in internal control.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The finance director will check the balances for all funds to make sure revenues are posted to the correct fund and correct revenue code. Any errors discovered will be corrected prior to fiscal year end.

AMBULANCE SERVICE AND THE OFFICES OF COUNTY MAYOR; ROAD SUPERINTENDENT; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER OF DEEDS; AND SHERIFF

FINDING 2013-010

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of County Mayor; Road Superintendent; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register of Deeds; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We have an action plan, which includes the duties of each employee in the County Mayor's Office. The job performed by one person will be checked by another person in the office, and then the county mayor will check behind the second person. We will have a checklist so that all activities can be initialed when they are verified.

AUDITOR'S COMMENT

The use of a checklist, which documents the duties each employee performs and the supervisory review can be one tool to document segregation of duties.

BEST PRACTICE

BLEDSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Bledsoe County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Bledsoe County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal programs.

BLEDSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.